FINANCIAL REPORT

STATE OF KANSAS

ah! KANSAS
125 and coming alive!

1986 FISCAL YEAR

Department of Administration

Division of Accounts and Reports

STATE OF KANSAS

Department of Administration

Division of Accounts and Reports

FINANCIAL REPORT

For Period

July 1, 1985 to June 30, 1986

JANUARY 29, 1861

JOHN CARLIN

Governor

ARTHUR H. GRIGGS
Acting Secretary of Administration
DEPARTMENT OF ADMINISTRATION

JAMES R. COBLER
Director
DIVISION OF ACCOUNTS AND REPORTS

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STATE OF KANSAS

DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

JOHN CARLIN
Governor

JAMES R. COBLER
Director of Accounts and Reports

State Office Building
Topeka, Kansas 66612-1574
(913) 296-2311

November 14, 1986

The Honorable John Carlin
Governor of the State of Kansas

Dear Governor Carlin:

Submitted herewith is the thirty-third Annual Financial Report of the State of Kansas prepared by the Division of Accounts and Reports, Department of Administration, in compliance with K.S.A. 75-3735 and the requirements contained therein.

This report includes a summarization of the financial transactions recorded in the central accounting records for the fiscal year ending June 30, 1986. These financial transactions are summarized into ten major fund class groupings which are found in Sections II through XI. In addition, information pertaining to the general long-term obligations account group of the State is provided in Section XII. Notes to the financial statements are found in Section XIII.

Of particular interest, is the condition of the State General Fund which reflects a balance at June 30, 1986, of $<1,659,527.63> that is available to finance appropriations of the succeeding fiscal year. Also of particular interest are the payments in the form of aid to local government units that amounted to $843,420,942.50 or 48.5 percent of the expenditures made from the State General Fund during fiscal year 1986. For additional highlights pertaining to some of the major elements of the state's operation for this period, your attention is invited to the section of the report entitled "Highlights of Selected Financial Activities".

More detailed information pertaining to individual funds and other miscellaneous financial information will be published in a supplemental volume at a later date.

If this office can provide additional information or answer any questions concerning items contained in this report, please let me know.

Respectfully submitted,

James R. Cobler

James R. Cobler, Director
Division of Accounts and Reports

JRC:tja

STATE OF KANSAS
HIGHLIGHTS OF SELECTED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1986

STATE GENERAL FUND

The State General Fund is maintained to finance all authorized governmental activities not provided by special funds. Revenues not dedicated for special funds by law are deposited into the State General Fund. Disbursements from the State General Fund are authorized by legislative appropriation acts.

Information on the State General Fund transactions are presented below and on the following pages through the use of charts, graphs, statements and comments. Additional details on the revenues, expenditures, appropriations and balances of the State General Fund are presented in Section II of this report.

The unencumbered cash balance available to finance succeeding fiscal year appropriations at June 30, 1986 decreased to $<1,659,527.63>. This decrease is primarily due to an increase in expenditures and demand transfers for fiscal year 1986 of $105.2 million and a decrease in fiscal year 1986 revenue of $17 million.

A comparison of the unencumbered cash balance of the State General Fund at June 30, 1986, and June 30, 1985, is presented in the statement below. A graph showing revenues, expenditures and available balances at the close of fiscal years 1977 through 1986 is presented on page ix of this report.

STATE GENERAL FUND
COMPARISON OF RESOURCES AVAILABLE FOR APPROPRIATIONS
FOR THE FISCAL YEARS ENDING JUNE 30

	1986	1985
Cash with State Treasurer at June 30	$ 62,137,168.62	$161,613,403.98
Less Outstanding Obligations:		
Unredeemed Warrants	$ 20,894,710.63	$ 24,218,296.08
Unliquidated Encumbrances	21,563,642.43	16,989,323.14
Appropriation Balances Reappropriated	21,338,343.19	20,078,568.69
Total Outstanding Obligations at June 30	$ 63,796,696.25	$ 61,286,187.91
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations at June 30	$ <1,659,527.63>	$100,327,216.07
Less Amount Available for the KPERS Quarterly Employee Distribution to be Financed from Succeeding Fiscal Year Appropriations	$<10,559,191.00>(a)	
Unencumbered Cash Balance Available to Finance Succeeding Year Appropriations Net of Accrued Liabilities at June 30	$<12,218,718.63>	

(a) This represents the amount of employers' contributions payable to the Kansas Public Employees Retirement Fund for certain educational-related employees which accrued during the 4th quarter of fiscal year 1986. This accrual was not reported in the financial statements prior to fiscal year 1986. See Section XIII, Note 21.

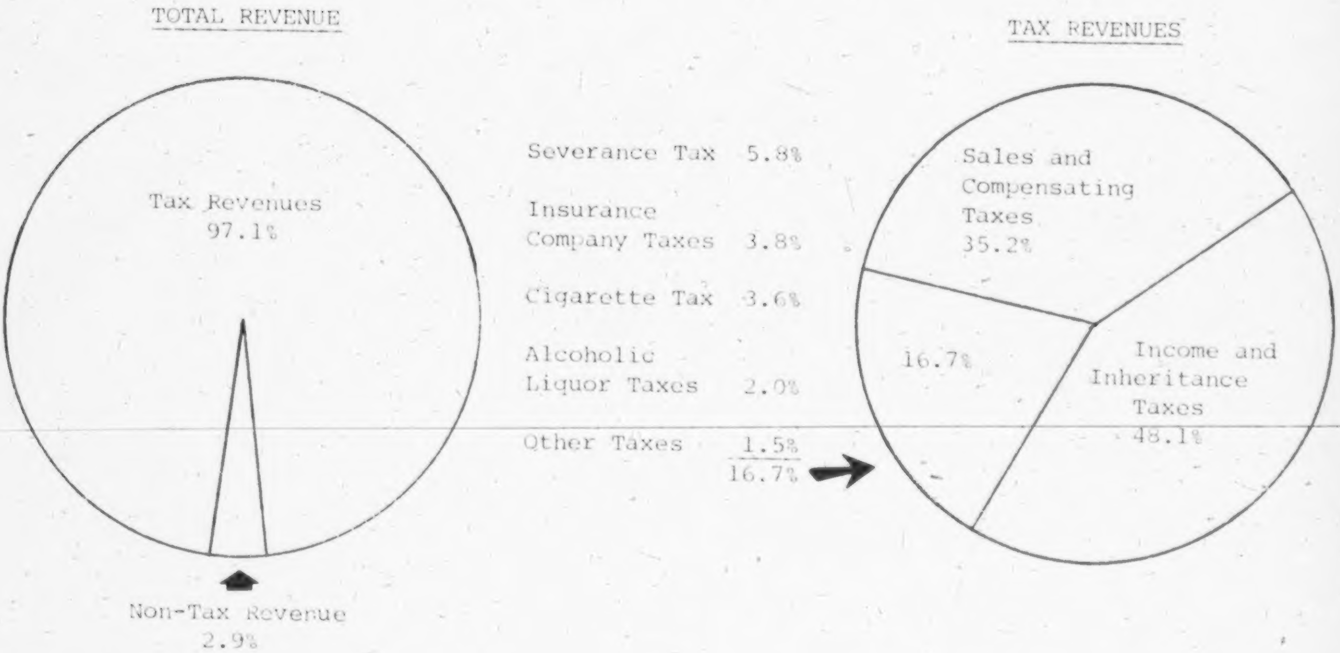
STATE GENERAL FUND REVENUES

The State General Fund revenue collections for the fiscal year 1986 were $1.64 billion as compared to $1.65 billion for fiscal year 1985. This amounted to a decrease of $17.0 million, or 1.0 percent. An analysis of the sources of revenue discloses that $1.6 billion, or 97.1 percent of the total fiscal year 1986 revenue was derived from tax sources. The non-tax sources of revenue amounted to $46.9 million, or 2.9 percent of the total revenues. Page vii of this report presents pie charts showing percentages of total revenues collected. The State General Fund statement presented below indicates that the major decrease in revenue collections is in the category of Income and Inheritance Taxes ($21.6 million), and net minor increases in the remaining tax revenues of $11.2 million. The non-tax revenues show an overall decrease of $6.6 million which is reflected primarily in the category of Revenue from the Use of Money and Property ($8.4 million). A detailed comparative statement of operating and non-operating revenue of the State General Fund is provided in Section II of this report on pages 23 through 25.

STATE GENERAL FUND
COMPARATIVE STATEMENT OF REVENUE
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands		
TAX REVENUES	1986	1985	Increase <Decrease>
Property	$ 8,060	$ 6,651	$ 1,409
Income and Inheritance	767,763	789,371	<21,608>
Sales and Compensating Use	560,718	546,933	13,785
Cigarette	58,059	43,634	14,425
Cereal Malt Beverage	4,622	5,076	<454>
Liquor Enforcement	17,743	17,010	733
Liquor Gallonage and Private Club	13,867	13,667	200
Tobacco Products	1,289	1,244	45
Corporation Franchise	8,342	7,983	359
Wheat	122	138	<16>
Car Companies	838	949	<111>
Insurance Companies	60,680	70,599	<9,919>
Bingo Tax	247	270	<23>
Transient Guest Tax	85	74	11
Motor Vehicle Dealer's	53	40	13
Severance Tax on Minerals	92,011	101,290	<9,279>
Other Gross Receipts	10	10	0
TOTAL TAX REVENUES	1,594,509	1,604,939	<10,430>
NON-TAX REVENUES			
Agency Earnings:			
Service Charges	7,001	7,236	<235>
Licenses, Permits and Registrations	4,389	4,277	112
Sales of Commodities	1,692	1,467	225
Grain Marketing Assessments	78	62	16
Total Agency Earnings	13,160	13,042	118
Revenue From the Use of Money and Property	42,914	51,292	<8,378>
Gifts, Donations and Grants	15	0	15
Other Non-Tax Revenues	20,085	20,468	<383>
Transfers of Revenue (Net)	<29,255>	<31,290>	2,035
TOTAL NON-TAX REVENUES	46,919	53,512	<6,593>
GROSS REVENUE	$1,641,428	$1,658,451	$ <17,023>

TOTAL STATE GENERAL FUND REVENUES $1.641 BILLION



STATE GENERAL-FUND EXPENDITURES

The State General Fund expenditures for the 1986 fiscal year totaled $1.737 billion as compared to $1.632 billion for the 1985 fiscal year. This represents an increase of $105 million or 6.4 percent. The analysis of expenditures by object categories presented in the statement on the following page shows that the major increases are primarily reflected in Aid to Local Units (57.5 million or 7.3 percent over last fiscal year), Salaries and Wages ($25 million, or 5.1 percent over last fiscal year), and Direct Social Welfare Assistance ($10.8 million, or 6 percent over last fiscal year). All other categories show a net increase of 11.8 million, or 6.9 percent more than last fiscal year.

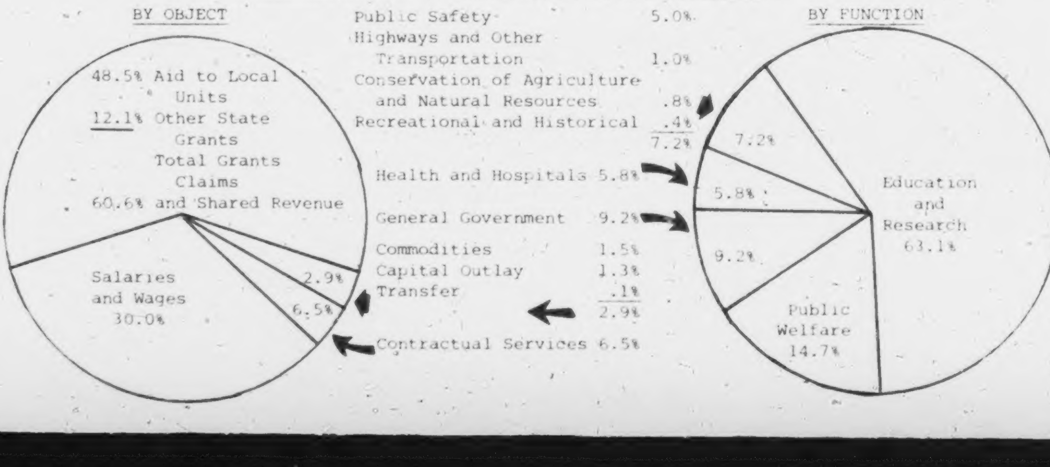
The analysis of expenditures by function of government presented in the statement on the following page shows that the major increases are in Education and Research ($63.1 million, or 6 percent over last fiscal year) and Public Welfare ($15.4 million, or 6.4 percent over last fiscal year). All other functions of government show a combined increase of $26.6 million, or 7.4 percent more than last fiscal year.

Presented on the following page are pie charts showing percentages of total expenditures by object and total expenditures by function. Pages 26 through 29 of this report provide a detailed comparative statement of operating and non-operating expenditures of the State General Fund.

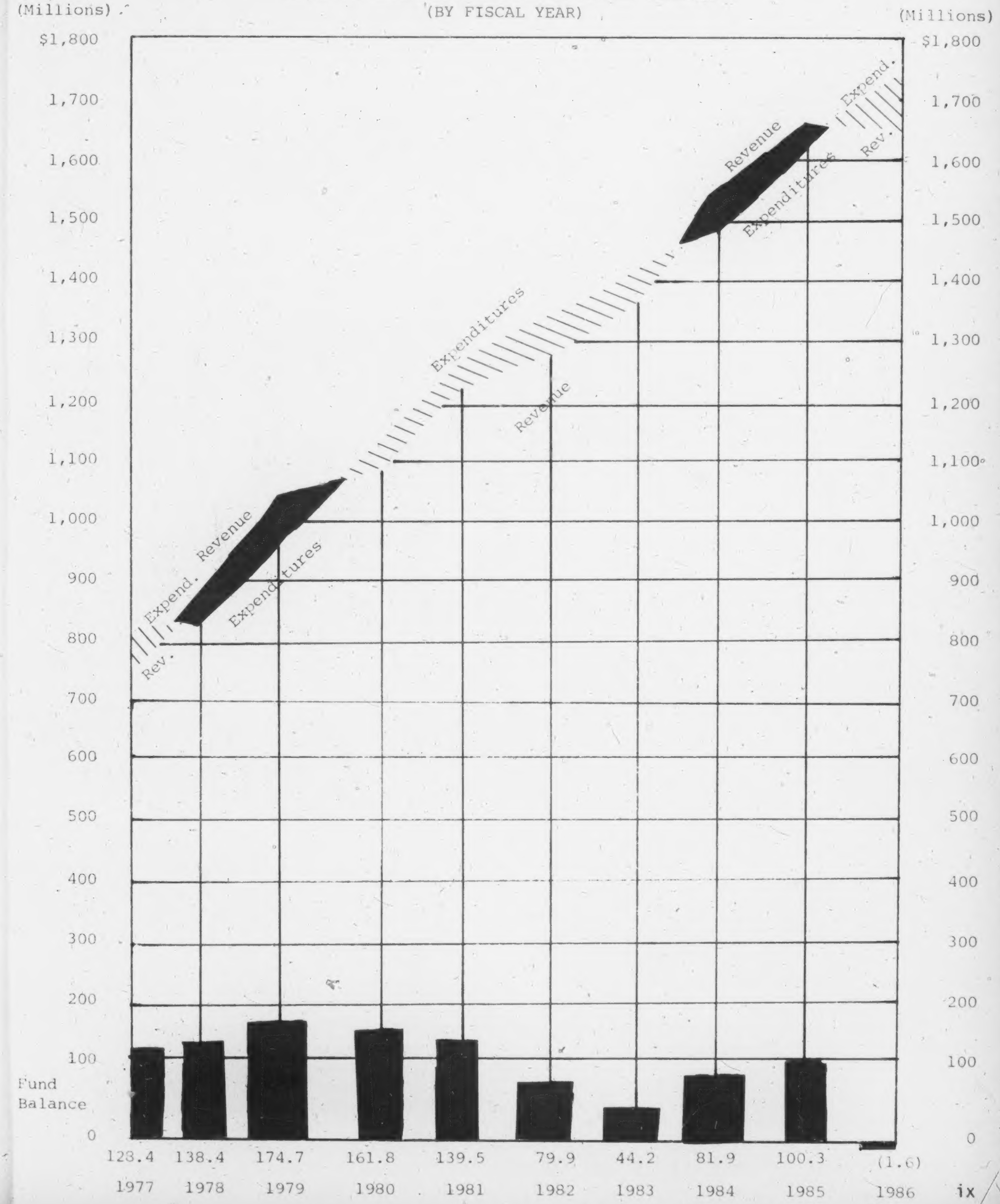
STATE GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
FOR THE FISCAL YEARS ENDING JUNE 30

	Amounts in Thousands			Percentage of Increase <Decrease>
	1986	1985	Increase <Decrease>	
EXPENDITURES BY OBJECT				
Salaries and Wages	$ 520,771	$ 495,654	$ 25,117	5.1
Contractual Services	113,693	107,128	6,565	6.2
Commodities	25,416	24,586	830	3.4
Capital Outlay	23,121	19,676	3,445	17.5
Grants, Claims and Shared Revenue:				
Economic Development Grants	110	30	80	266.7
Arts Program Grants	376	274	102	37.2
County Inheritance Tax Fund	1,622	1,480	142	9.6
Aid to Indigent Defendants	223	213	10	4.7
Local Ad Valorem Tax Reduction Fund	24,555	23,701	854	3.6
County and City Revenue Sharing	18,648	18,220	428	2.3
Aid to Area Agencies on Aging	1,238	1,468	<230>	<15.7>
Social Welfare Assistance	6,443	5,464	979	17.9
Retirement Contributions for Local School District Employees	41,456	40,683	773	1.9
Local and Regional Libraries	1,402	757	645	85.2
Public Television Grants	740	724	16	2.2
School District Income Tax Fund	108,472	101,369	7,103	7.0
Aid to Local School Districts	617,129	572,981	44,148	7.7
Emergency Preparedness and Medical Services	514	343	171	49.9
Community Corrections Act	3,748	3,050	698	22.9
Soil Conservation, Watersheds, & Groundwater Management	1,785	1,786	<1>	<.1>
Local Health Units	1,293	1,183	110	9.3
Local Mental Health and Retardation	13,667	12,168	1,499	12.3
Total Aid for Local Units	843,421	785,894	57,527	7.3
School Service Annuities	0	405	<405>	<100.0>
Direct Social Welfare Assistance	190,933	180,124	10,809	6.0
Homestead Property Tax Relief	8,017	7,489	528	7.1
Other State Grants and Claims	10,925	10,138	787	7.8
Total Grants, Claims and Shared Revenue	1,053,296	984,050	69,246	7.0
Debt Service Interest	0	0	0	0
Debt Service Principal	0	0	0	0
Transfers and Non-Expense Items	1,284	1,232	52	4.2
GROSS EXPENDITURES	$1,737,581	$1,632,326	$105,255	6.4
EXPENDITURES BY FUNCTION				
Education and Research	1,096,552	1,033,353	63,199	6.1
Public Welfare	255,873	240,451	15,422	6.4
General Government	159,342	150,037	9,305	6.2
Health and Hospitals	100,420	92,756	7,664	8.3
Public Safety	86,975	77,316	9,659	12.5
Highways and Other Transportation	16,332	17,494	<1,162>	<6.6>
Agriculture and Natural Resources	14,465	13,729	736	5.4
Recreational and Historical	7,622	7,190	432	6.0
GROSS EXPENDITURES	$1,737,581	$1,632,326	$105,255	6.4

TOTAL STATE GENERAL FUND EXPENDITURES $1.738 BILLION



STATE OF KANSAS
STATE GENERAL FUND
REVENUE, EXPENDITURES AND AVAILABLE BALANCE
(BY FISCAL YEAR)



KANSAS EDUCATIONAL BUILDING FUND

The Kansas Educational Building Fund was created by law and receives a portion of the proceeds of all property subject to ad valorem taxation. The present tax levy of one mill provides funds for erecting, equipping and repairing buildings at the educational institutions under the control of the Board of Regents. Expenditures from this fund are made on the basis of appropriations by the Legislature.

Revenues credited to the fund for fiscal year 1986 consisted primarily of tax moneys. Total revenues received into the fund for the 1986 fiscal year were 12.8 million as compared to $13.5 million credited for the 1985 fiscal year. Expenditures from the fund in the 1986 fiscal year were $9.8 million as compared to $12.1 million for the 1985 fiscal year. An analysis of the fund at June 30, 1986, shows an unencumbered cash balance available to finance succeeding fiscal year appropriations of $3.8 million.

Section VI entitled "Capital Projects Funds", presents detailed information on revenues, expenditures, and balances of the Kansas Educational Building Fund.

STATE INSTITUTIONS BUILDING FUND

The State Institutions Building Fund was created by law and receives a portion of the proceeds of the annual permanent state tax levied on all property subject to ad valorem taxation.

The tax levy during fiscal year 1986 was five-tenths mill which provides funds for constructing, repairing and equipping buildings at the several charitable, benevolent and mental institutions of the State. This tax levy will be shared with the Correctional Institutions Building Fund for one year in accordance with legislation passed by the 1986 Session. The five-tenths mill levied on Motor Vehicles and received during the period of July 1, 1986 through June 30, 1987 is to be credited in equal amounts to the State Institutions Building Fund and the Correctional Institutions Building Fund. Those taxes levied upon tangible property other than Motor Vehicles in tax year 1986 are to be levied at the rate of .25 mill for the State Institutions Building Fund. In tax year 1987, the rates will return to the rate in effect during fiscal year 1986. Expenditures from the State Institutions Building Fund are based on appropriations by the Legislature.

The revenue credited to the fund from taxes amounted to $6.4 million for fiscal year 1986 as compared to $6.2 million for fiscal year 1985, an increase of $.2 million.

Expenditures from the fund for fiscal year 1986 amounted to $7.2 million as compared to $6.0 million for the preceding fiscal year. An analysis of the fund at June 30, 1986, shows an unencumbered cash balance available to finance succeeding fiscal year appropriations of $1.8 million.

Section VI entitled "Capital Projects Funds", presents detailed information on revenues, expenditures, and balances of the State Institutions Building Fund.

CORRECTIONAL INSTITUTIONS BUILDING FUND

The $248,155.97 due to the Correctional Institutions Building Fund from Ad Valorem Taxes due from County Treasurers represents one-sixth of the Motor Vehicle Taxes due at June 30, 1986. Legislation passed during the 1986 Session requires that the State Treasurer credit one-sixth of each deposit received for Motor Vehicle taxes during the period of July 1, 1986 through June 30, 1987 to the State Institutions Building Fund and one-sixth to the Correctional Institutions Building Fund. Previously, the State Institutions Building Fund received one-third of each deposit.

Section VI entitled "Capital Projects Funds", presents detailed information on revenues, expenditures, and balances of the Correctional Institutions Building Fund.

TRANSPORTATION FUNDS

The Transportation Funds include all the funds for the Department of Transportation except the State General Fund. Transportation funds consist primarily of the State Highway Fund, Urban Mass Transit Fund, Federal Highway Safety Fund, State Railroad Planning and Assistance Federal Fund, State Freeway Construction Fund, State Freeway Fund, Restricted Fee's Fund, County Equalization and Adjustment Fund and the Special City and County Highway Fund. A comparative combined statement of revenue, expenditures and balances of these funds is presented on the following page.

Revenues deposited into the Transportation Funds are generally restricted by law for financing activities of the Department of Transportation in the construction, reconstruction and maintenance of the state system of highways and the distribution to counties and cities of shared revenue from motor fuel taxes for maintaining roads and streets.

The comparative combined statement on the following page shows the total revenues were $482 million for fiscal year 1986 as compared to $460 million for fiscal year 1985, an increase of $22 million. Operating revenues amounted to $450 million for fiscal year 1986 as compared to $442 million for the preceding fiscal year, an increase of $8 million.

The increase in operating revenues is primarily due to the category of Federal Grants for Highways and Bridges which increased $11 million over fiscal year 1985. Non-operating revenues for fiscal year 1986 amounted to $31.3 million as compared to $17.9 million for fiscal year 1985.

The increase in non-operating revenues is primarily due to (1) the transfer of money from the State General Fund to the State Highway Fund, which represents a portion of the tax collections under the Retailers' Sales Tax Act. This transfer provided $16.1 million this fiscal year as compared to $10.2 million during fiscal year 1985, and (2) transfers to the State Freeway Construction Fund to provide for advance refunding of 1985 Highway Refunding Bonds.

The total expenditures from Transportation Funds were $507.5 million for fiscal year 1986 as compared to $463.9 million for fiscal year 1985, an increase of $43.6 million. Operating expenditures for fiscal year 1986 totaled $497.6 million as compared to $464.9 million last fiscal year, an increase of $32.7 million. The largest increase was in the category of Highways and Bridges, which shows a $32.6 million increase over last fiscal year. Non-operating Expenditures for fiscal year 1986 amounted to $9.8 million as compared to a negative $.9 million last fiscal year, an increase of $10.7 million. The increase is primarily due to the category of Transfers to Trustee for Defeased Bonds which experienced an increase of $19.1 million.

During fiscal year 1986 outstanding Highway bonds of $154.8 million were defeased by issuing Highway refunding bonds in the amount of $151.5 million to be retired by fiscal year 1999. The proceeds of the bond sales as well as monies of the State Freeway Fund may be invested until cash is needed for payment of authorized obligations.

The unexpended cash balance at June 30, 1986, is $99.1 million. However, obligations consisting of orders and contracts for services, supplies, equipment and capital construction at June 30, 1986, amounted to $315.6 million. Although the amount of obligations exceeds the available unexpended cash balance, revenue is anticipated to be received in time to meet these obligations as they become due.

A graph depicting revenues, expenditures and unexpended balances of the Transportation funds from fiscal year 1977 through fiscal year 1986 is presented on page xiii of this section.

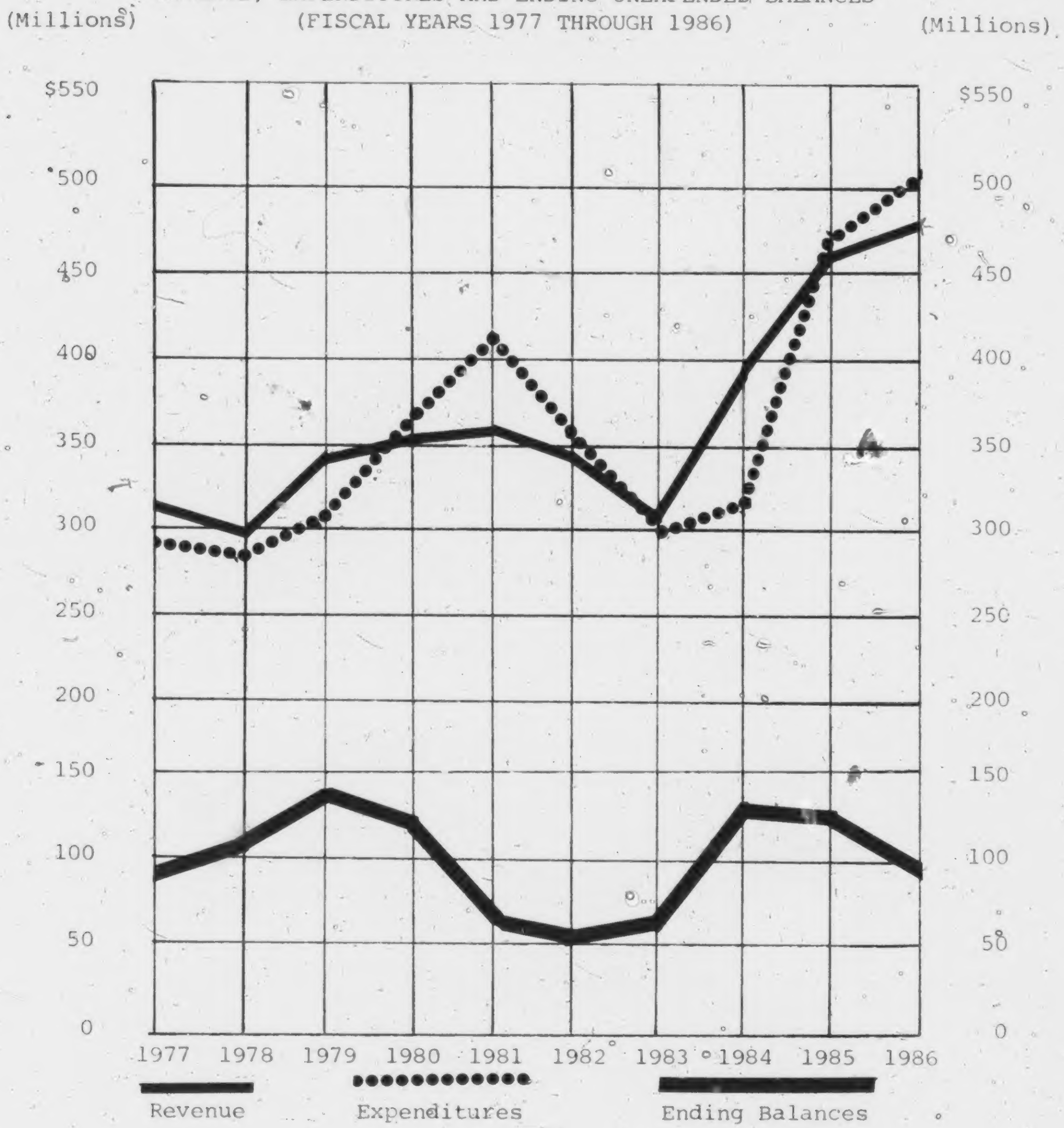
TRANSPORTATION FUNDS
COMPARATIVE COMBINED STATEMENT OF REVENUE, EXPENDITURES AND BALANCES
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands	
	1986	1985
Beginning Unexpended Cash Fund Balance	$ 124,836	$ 128,732
Operating Revenues:		
Motor Fuel Taxes	151,651	148,825
Motor Vehicle Registration Taxes	70,098	70,061
Operate Motor Vehicles (Licenses)	3,194	3,096
Interest and Dividends from Investments	13,690	17,703
Gain or Loss on Investments Sold	268	3
Federal Grants for Highways and Bridges	199,981	189,311
Other Grants, Gifts, Donations and Contributions	10,542	12,004
Other Operating Revenue	1,027	1,151
Total Operating Revenue	450,451	442,154
Nonoperating Revenues:		
Revenue Bond Proceeds and Accrued Interest on Revenue Bonds Issued	1,145	568
Transfers to and From Highway Funds	26,994	13,092
Other Non-operating Revenue	3,147	4,232
Total Non-operating Revenue	31,286	17,892
Total Revenue	481,737	460,046
Total Cash Available for Expenditure	606,573	588,778
Operating Expenditures:		
Salaries and Wages	76,129	74,541
Contractual Services	21,546	16,515
Commodities	22,767	23,718
Capital Outlay (Other)	14,287	13,336
Highway and Bridges (Direct Payments)	288,304	255,677
Distribution to Cities, Counties and Townships	70,818	67,233
Federal Aid to Qualified Non-State Organizations	3,521	7,617
Interest Charges on Construction Bonds	0	5,913
Claims	228	354
Total Operating Expenditures	497,600	464,904
Non-operating Expenditures:		
Advances for Purchase of Investments and Other Nonoperating Expenditures	<25,066>	<16,671>
Refunds	307	133
Transfers to Trustee for Defeased Bonds	34,290	15,239
Other Transfers	331	337
Total Nonoperating Expenditures	9,862	<962>
Total Expenditures	507,462	463,942
Ending Unexpended Cash Fund Balance	* 99,111	124,836
Unliquidated Encumbrances June 30	315,622	355,205
Unencumbered Balance June 30	$<216,511>	$<230,369>

* Not included are the State Freeway Fund investments (at cost) amounting to $110,578,961.11 and cash in the amount of $5,943.02 and the State Freeway Construction Fund investments (at cost) amounting to $13,459,375.34 and cash in the amount of $0.00 for a total of $124,044,279.47. These monies are outside the State Treasury with the Pooled Money Investment Board.

Also not included is the Agency Imprest Fund in the amount of $2,000.00.

TRANSPORTATION FUNDS
REVENUE, EXPENDITURES AND ENDING UNEXPENDED BALANCES
(FISCAL YEARS 1977 THROUGH 1986)



EMPLOYMENT SECURITY FUND

The Employment Security Fund was established by law as a special fund, separate and apart from all public monies or funds of the State. The law provides that the fund consist of three separate accounts as follows: (1) a clearing account, (2) an unemployment trust fund and (3) a benefit account. Deposits into this fund consist of contributions, fines and penalties levied on employers for unemployment benefits, interest earned on trust funds deposited in the U.S. Treasury, federal grants for unemployment benefits to federal employees and ex-servicemen and federal grants for fifty-percent of the extended benefits to a maximum of thirteen weeks. Expenditures from the fund are paid to recipients for a period of twenty-six weeks with some extended benefits for an additional thirteen weeks.

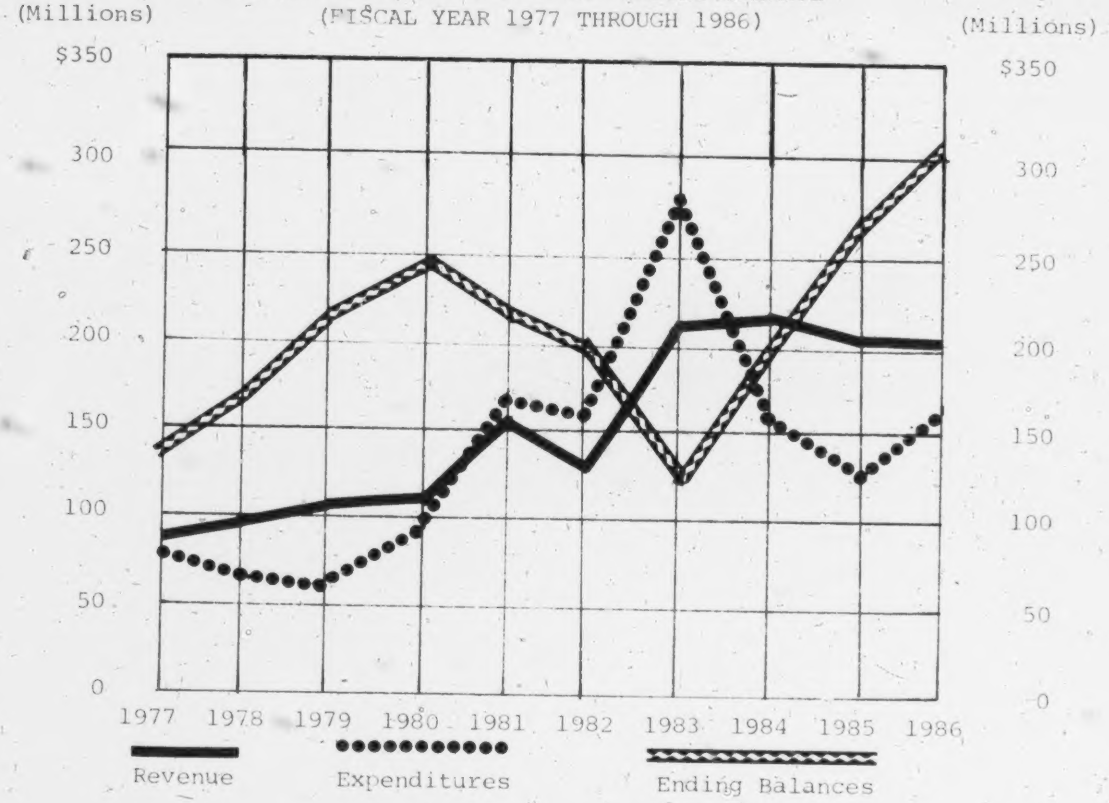
Analysis of the Employment Security Fund transactions for fiscal year 1986 shows total revenue of $206 million as compared to $212 million last fiscal year. Expenditures this fiscal year totaled $161.6 million as compared to $139.2 million during fiscal year 1985. All categories of operating revenue for fiscal year 1986 decreased except Interest on Deposits with U.S. Treasury. The primary change in expenditures were in the categories Regular Unemployment Benefits and Federal Supplemental Compensation. Revenue exceeded expenditures this fiscal year by $44.8 million to increase the fund balance to $319 million at June 30, 1986.

Presented below is a comparative statement of revenues, expenditures and ending fund balances for fiscal year 1986 and 1985. A graph illustrating the past ten years is presented on the following page. Additional detail is presented in Section IX of this report entitled "Trust and Agency Funds."

EMPLOYMENT SECURITY FUND
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCE
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands	
	1986	1985
Beginning Fund Balance	$274,331	$201,494
Operating Revenue:		
Employer Payroll Contributions	164,817	173,431
Interest on Deposits with U.S. Treasury	29,627	10,466
Interest on State Agency Investments	192	220
Federal Grants for Federal Employees, Ex-Servicemen and Extended Benefits	4,259	10,756
Other Operating Revenue	44	72
Total Operating Revenue	198,939	194,945
Non-operating Revenue	7,456	17,067
Total Revenue	206,395	212,012
Total Cash Available for Expenditure	480,726	413,506
Operating Expenditures:		
Regular Unemployment Benefits	155,059	126,419
Federal Employees Unemployment Benefits	1,976	1,905
Ex-Servicemen Unemployment Benefits	1,428	1,490
Disaster Unemployment Assistance	0	1
Worker Adjustment Unemployment Assistance	799	0
Federal Supplemental Compensation	24	7,478
Total Operating Expenditures	159,286	137,293
Non-operating Expenditures	2,339	1,882
Total Expenditures	161,625	139,175
Ending Fund Balance	$319,101	$274,331

EMPLOYMENT SECURITY FUND
REVENUE, EXPENDITURES AND ENDING BALANCE
(FISCAL YEAR 1977 THROUGH 1986)



COMBINED FUNDS OF THE STATE

Statements have been prepared on the following pages on the combined revenue and expenditure transactions for all funds deposited and disbursed through the State Treasury. The forthcoming statements show comparative statistics for both the 1986 and 1985 fiscal years and are prepared on the same basis for each fiscal year. Included in these statements are the financial transactions of 1,156 separate funds and 3,764 budgetary accounts for fiscal year 1986. It is important for the reader to remember that these statements are presented for statistical purposes only and the resources of one fund cannot be transferred to another fund unless authorized by statute.

The Comparative Statement of Operating Revenue has been prepared on a net basis by the subtraction of refunds from the gross receipts. The 1986 fiscal year shows an increase of $329 million over fiscal year 1985 in net operating revenues. The increase is reflected in all categories of revenue, except for Income and Inheritance Taxes, Insurance Companies Tax, Severance Tax on Minerals, Payroll Unemployment Taxes, and other Grants and Gifts which decreased. The major increases are in the categories of Revenue from the Use of Money and Property, Federal Grants, and State Sales and Compensating Use Taxes.

The Comparative Statements of Operating Expenditures have been prepared on a net basis by subtracting amounts financed by non-operating sources of revenue from gross operating expenditures. The 1986 fiscal year shows an increase in net operating expenditures of $270 million over the preceding fiscal year. This increase is reflected in all major expenditure categories except Homestead Property Tax Relief Payments and Debt Service Interest, which decreased.

Charts entitled "Where the Money Comes From" and "Where the Money Goes" have been prepared and are presented in this section on pages xviii and xix.

Additional detailed statements and a balance sheet on the combined funds of the State are presented in Section I of this report.

COMBINED FUNDS
COMPARATIVE STATEMENT OF OPERATING REVENUE
FOR THE FISCAL YEARS ENDING JUNE 30

OPERATING REVENUE	Amount in Thousands 1986	Amount in Thousands 1985	Increase <Decrease>
Taxes:			
Property Taxes (Ad Valorem) (Net)	$ 27,291	$ 26,314	$ 977
Income and Inheritance Taxes (Net)	767,763	789,371	<21,608>
State Sales and Compensating Use Taxes (Net)	729,878	683,556	46,322
Cigarette and Tobacco Products Taxes (Net)	59,348	44,878	14,470
Motor Fuel Taxes (Net)	151,651	148,825	2,826
Cereal Malt and Liquor Taxes (Net)	44,788	43,120	1,668
Motor Vehicle Registration (Net)	70,463	70,265	198
Insurance Companies Taxes (Net)	64,157	73,666	<9,509>
Severance Tax on Minerals (Net)	98,936	108,914	<9,978>
Other Excise Taxes (Net)	10,332	9,850	482
Other Gross Receipts Taxes	5,855	5,466	389
Payroll Unemployment Taxes (Net)	164,817	173,431	<8,614>
Total Taxes	2,195,279	2,177,656	17,623
Agency Earnings	376,228	341,941	34,287
Revenue From the Use of Money and Property	565,669	363,483	202,186
Gifts, Donations and Grants:			
Federal Grants (Net)	782,231	715,195	67,036
Other Grants and Gifts	26,104	26,321	<217>
Total Gifts, Donations and Grants	808,335	741,516	66,819
Other Revenue	52,058	45,172	6,886
Total Revenue	3,997,569	3,669,768	327,801
Less: Refunds Not Classified	6,418	8,335	<1,917>
NET OPERATING REVENUE	$3,991,151	$3,661,433	$329,718

COMBINED FUNDS
COMPARATIVE STATEMENT OF OPERATING EXPENDITURES
FOR THE FISCAL YEARS ENDING JUNE 30

OPERATING EXPENDITURES CLASSIFIED BY FUNCTION	Amount in Thousands 1986	Amount in Thousands 1985	Amount in Thousands Increase <Decrease>	Percentage of Increase <Decrease>
Education and Research	$1,575,656	$1,470,373	$105,283	7.2
Public Welfare	767,923	701,040	66,883	9.5
Highways and Other Transportation	512,716	480,571	32,145	6.7
General Government	462,164	421,040	41,124	9.8
Health and Hospitals	171,553	155,440	16,113	10.4
Public Safety	99,232	91,350	7,882	8.6
Conservation of Agriculture and Natural Research	27,877	25,851	2,026	7.8
Recreation and Historical	23,336	24,233	<897>	<3.7>
NET OPERATING EXPENDITURES	$3,640,457	$3,369,898	$270,559	8.0

COMBINED FUNDS
COMPARATIVE STATEMENT OF OPERATING EXPENDITURES FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands		
OPERATING EXPENDITURES CLASSIFIED BY OBJECT	1986	1985	Increase <Decrease>
Gross Expenditures for State Operations and Services:			
Salaries and Wages	$ 958,766	$ 902,914	$ 55,852
Contractual Services	309,451	279,456	29,995
Commodities	122,095	116,726	5,369
Capital Outlay	57,451	48,954	8,497
Total Expenditures for State Operations and Services	1,447,763	1,348,050	99,713
Less: Expenditures from Non-Operating Revenue	49,045	31,112	17,933
NET EXPENDITURES FOR STATE OPERATIONS AND SERVICES	1,398,718	1,316,938	81,780
Gross Expenditures for Highway and Other Capital Improvements	324,719	296,755	27,964
Less: Expenditures from Borrowing	3,067	4,205	<1,138>
NET EXPENDITURES FOR HIGHWAY AND OTHER CAPITAL IMPROVEMENTS	321,652	292,550	29,102
Gross Expenditures for Local Assistance	1,029,048	957,716	71,332
Less: Expenditures from Non-Operating Revenue	1,599	3,249	<1,650>
NET EXPENDITURES FOR LOCAL ASSISTANCE	1,027,449	954,467	72,982
Gross Expenditures for Other Claims and Grants:			
Direct Welfare Assistance	383,744	361,938	21,806
Homestead Property Tax Relief Payments	8,017	8,489	<472>
Other Claims and Grants	359,060	306,181	52,879
Total Expenditures for Other Claims and Grants	750,821	676,608	74,213
Less: Expenditures from Non-Operating Revenue	17,121	15,289	1,832
NET EXPENDITURES FOR OTHER CLAIMS AND GRANTS	733,700	661,319	72,381
Gross Expenditures for Employment Security Benefits	159,286	137,294	21,992
Less: Expenditures from Non-Operating Revenue	5,319	2,727	2,592
NET EXPENDITURES FOR EMPLOYMENT SECURITY BENEFITS	153,967	134,567	19,400
Gross Expenditures for Retirement Benefits	93,760	80,547	13,213
Less: Expenditures from Non-Operating Revenue	93,760	80,547	13,213
NET EXPENDITURES FOR RETIREMENT BENEFITS	0	0	0
Gross Expenditures for Debt Service Interest	4,971	10,137	<5,166>
Less: Expenditures from Non-Operating Revenue	0	80	<80>
NET EXPENDITURES FOR DEBT SERVICE INTEREST	4,971	10,057	<5,086>
NET OPERATING EXPENDITURES	$3,640,457	$3,369,898	$270,559

WHERE THE MONEY COMES FROM

	(millions)
PROPERTY TAX	$ 27.3
INCOME AND INHERITANCE TAX	767.8
SALES AND COMPENSATING TAX	729.9
CIGARETTE AND TOBACCO PRODUCTS TAX	59.3
MOTOR FUEL TAX	151.7
CEREAL MALT AND ALCOHOLIC LIQUOR TAX	44.8
MOTOR VEHICLE REGISTRATION	70.5
INSURANCE COMPANIES TAX	64.1
SEVERANCE TAX ON MINERALS	98.9
EMPLOYMENT SECURITY CONTRIBUTIONS	164.8
AGENCY EARNINGS	376.2
REVENUE FROM USE OF MONEY AND PROPERTY	565.7
GRANTS	808.3
OTHER REVENUE	61.8
NET OPERATING REVENUE	$ 3,991.1

WHERE THE MONEY GOES

			(millions)
	STATE OPERATIONS AND SERVICES		$1,398.7
	HIGHWAY AND OTHER CAPITAL IMPROVEMENTS		
	GROSS	324.7	
	FINANCED FROM BORROWING	(3.0)	321.7
	LOCAL ASSISTANCE		1,027.4
	CLAIMS AND GRANTS		733.7
	EMPLOYMENT SECURITY BENEFITS		154.0
	RETIREMENT PAYMENTS		0.0
	DEBT SERVICE INTEREST		4.9
	NET OPERATING EXPENDITURES		$3,640.4

LOCAL ASSISTANCE

The following statement and chart have been prepared to show the source and purpose of gross local assistance expenditures of both the Federal and State programs. Gross assistance expenditures to the local governmental units were $1.03 billion in fiscal year 1986 as compared to $.96 billion in fiscal year 1985. The net increase in gross aid to local units for Federal expenditures amounted to $13.9 million, and for State expenditures, an increase of $57.4 million which results in a total increase of $71.3 million over fiscal year 1985.

Federal Assistance is provided to local units of government for highway purposes through the Federal Highway Safety Fund. Monies for secondary road projects are expended by the Department of Transportation for capital improvements, etc., and are classified as such in the financial statements.

LOCAL ASSISTANCE
FISCAL YEAR 1986 EXPENDITURES (GROSS)

(Amounts in Millions)

	FEDERAL	STATE	TOTAL
EDUCATION	$ 76.5	$769.7	$ 846.2
PUBLIC WELFARE	6.7	1.4	8.1
GENERAL PURPOSE	13.2	600	73.2
HIGHWAY	2.0	68.8	70.8
HEALTH	7.5	14.9	22 4
AGRICULTURE	-	1.8	1 8
PUBLIC SAFETY	2.1	4.0	6.1
RECREATION	.4	-	.4
TOTALS	$108.4	$920.6	$1,029.0

COMBINED FUNDS
STATEMENT OF GROSS LOCAL ASSISTANCE EXPENDITURES
FOR THE FISCAL YEAR ENDING JUNE 30, 1986

PURPOSE AND PROGRAM		Amount in Thousands	
		Federal	State
EDUCATION			
State School Equalization		$ ---	$442,041
Community Colleges and Municipal University		---	30,937
Education of Handicapped		10,193	---
Vocational Education		5,629	9,439
Retirement Contribution for School District Employees		---	41,456
State Safety Funds		---	1,390
School District Income Tax		---	108,472
Elementary and Secondary Education		29,017	11,763
Food Assistance		26,631	2,377
Adult Basic Education		844	121
Aid for Libraries		1,402	1,380
Fort Leavenworth School District		---	932
Job Training Partnership Act		914	---
Bilingual Education Program		---	645
Special Education		---	76,835
Educational Research		1,306	---
Community and Extension Services		76	---
School Transportation		---	41,916
Economic Security Act		499	---
GROSS AID FOR EDUCATION		76,511	769,704
PUBLIC WELFARE			
Area Agencies on Aging		2,663	225
Youth Services		295	265
Energy Conservation Assistance		694	---
Community Services and General Social Service Assistance		3,033	948
GROSS AID FOR PUBLIC WELFARE		6,685	1,438
GENERAL PURPOSES			
County and City Revenue Sharing		---	18,648
Local Ad Valorem Tax Reduction		---	24,555
Local Alcoholic Liquor		---	7,354
Firemen's Relief		---	---
County Mineral Production Tax		---	7,379
Bingo Enforcement Tax		---	262
Kansas Energy Conservation		1	---
Flood Control		404	---
Sand Royalties		---	35
County Inheritance Tax		---	1,622
Housing and Urban Development		12,780	---
Arts Programming		65	58
County Treasurer Vehicle Liensing		---	70
GROSS AID FOR GENERAL PURPOSES		13,250	59,983
HIGHWAY			
Special City and County Highway Fund		---	64,952
City Connecting Links		---	1,369
Federal Highway Safety Act		1,015	---
Urban Mass Transit		732	---
Metropolitan Transportation Planning		251	---
County Equalization and Adjustment		---	2,500
GROSS AID FOR HIGHWAY		1,998	68,821
HEALTH			
Local Health Units		5,132	1,485
Mental Health and Retardation Aid		2,346	13,388
GROSS AID FOR HEALTH		7,478	14,873
AGRICULTURE AND NATURAL RESOURCES			
Soil Conservation Districts		---	767
Water Shed Districts		---	1,018
GROSS AID FOR AGRICULTURE AND NATURAL RESOURCES		---	1,785
PUBLIC SAFETY			
Emergency Preparedness		2,108	297
Community Corrections Act		----	3,748
GROSS AID FOR PUBLIC SAFETY		2,108	4,045
RECREATIONAL AND HISTORICAL			
Historical Preservation Act		52	---
Land, Water and Wildlife Conservation		316	---
GROSS AID FOR RECREATIONAL AND HISTORICAL		368	---
GROSS AID TO LOCAL UNITS	$1,029,047	$108,398	$920,649

FEDERAL GRANTS

The net amount of federal grants deposited in the State Treasury during the 1986 fiscal year totaled $782.2 million as compared to $715.2 million received during the preceding fiscal year, which is an increase of $67 million in federal grants for the State of Kansas. The increase is reflected in all categories of grants, except Employment Security Administration.

There was also a decrease in unexpended grant monies returned to the Federal government, amounting to $110 thousand. Except for some federal reimbursements which are placed in the State General Fund, federal grant monies are used for specific programs and cannot be used in support of general state government.

Presented below is a statement showing the general purpose of federal grants and the amounts received during both the 1986 and 1985 fiscal years.

COMPARATIVE STATEMENT OF FEDERAL GRANTS FOR THE FISCAL YEARS ENDING JUNE 30

GENERAL PURPOSE	Amount in Thousands 1986	Amount in Thousands 1985	Increase <Decrease>
Highways, Bridges and Grants for Primary, Urban and Secondary Roads	$199,992	$189,311	$ 10,681
Public Health	40,311	34,400	5,911
Assistance and Relief	266,544	258,433	8,111
Employment Security Administration	23,276	23,688	<412>
Education and Research	161,535	149,092	12,443
Other Federal Grants	90,840	60,648	30,192
Gross Federal Grants	782,498	715,572	66,926
Less: Return of Unexpended Federal Grants	267	377	<110>
NET FEDERAL GRANTS	$782,231	$715,195	$ 67,036

STATE BONDED INDEBTEDNESS

The State of Kansas does not have any general obligation bonds outstanding. However, statutory authority has been granted to issue bonds for academic facilities, student unions and dormitories at state universities by the State Board of Regents; highway construction by the Department of Transportation; sewage facilities by the Department of Health and Environment; National Guard armories by the Adjutant General; fish hatcheries by the Fish and Game Commission; office buildings by the Department of Administration; and reservoir projects or the purchase of storage in existing reservoirs by the Kansas Water Office.

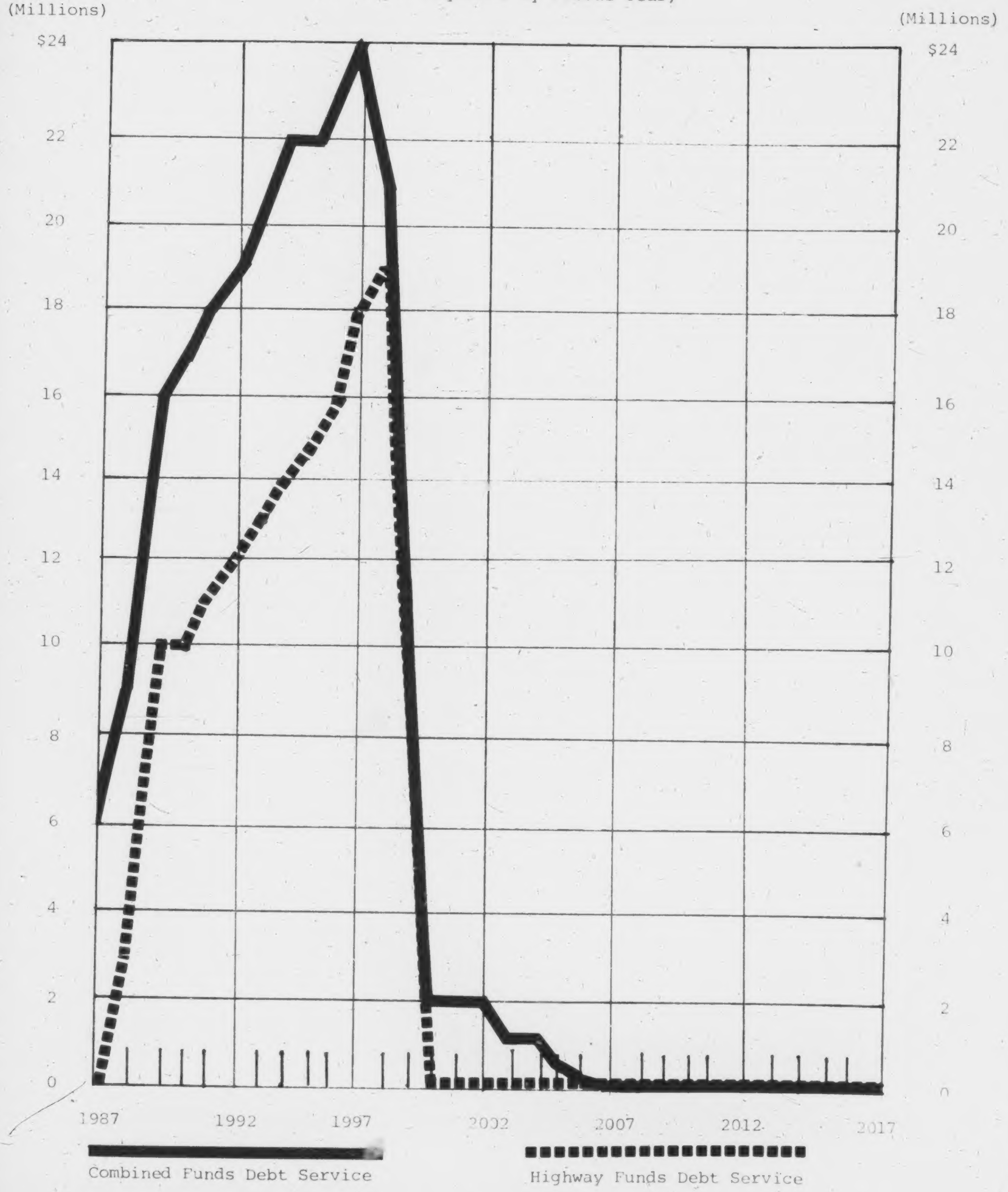
The total outstanding debt at June 30, 1986 was $240,826,000 as compared to $222,200,000 for fiscal year 1985. In fiscal year 1986 debt principal payments were $4.6 million and new bonds issued were $178 million. In addition, $154.8 million of bonded debt principal outstanding was defeased.

Presented in the following schedule is the debt service requirements to maturity by fund class. Also, a graph reflecting the amount of debt payment requirements to be met for future year maturities is presented on the following page. Additional detail of the bond indebtedness is also presented in Section XII of this report.

BONDED INDEBTEDNESS
DEBT SERVICE PRINCIPAL REQUIREMENTS TO MATURITY
BY FUND CLASS

	Bonded Debt			Defeased Bond Debt			
Fiscal Year	Highway Funds	Capital Projects Funds	Enterprise Funds	Capital Projects Funds	Enterprise Funds	Trust & Agency Funds	Fiscal Year Total
1987		1,815,000	1,675,000	530,000	1,787,000	475,000	6,282,000
1988	2,910,000	1,965,000	1,501,000	565,000	1,942,000	477,000	9,360,000
1989	9,610,000	2,100,000	1,626,000	610,000	1,825,000	519,000	16,290,000
1990	10,380,000	2,285,000	1,585,000	865,000	1,939,000	529,000	17,583,000
1991	11,210,000	2,215,000	1,682,000	425,000	2,056,000	581,000	18,169,000
1992	12,105,000	2,415,000	1,745,000	425,000	2,176,000	586,000	19,452,000
1993	13,075,000	2,610,000	2,022,000	110,000	2,333,000	243,000	20,393,000
1994	14,120,000	2,555,000	2,297,000	120,000	2,853,000	195,000	22,140,000
1995	15,250,000	2,380,000	1,392,000	120,000	2,350,000	195,000	21,687,000
1996	16,470,000	2,970,000	1,401,000	130,000	2,505,000	207,000	23,683,000
1997	17,785,000	2,790,000	1,022,000	130,000	2,687,000	209,000	24,623,000
1998	19,210,000	695,000	1,026,000	140,000	537,000	51,000	21,659,000
1999	9,420,000	145,000	1,018,000	140,000	549,000	53,000	11,325,000
2000		150,000	936,000	150,000	556,000		1,792,000
2001		160,000	813,000	150,000	530,000		1,653,000
2002		175,000	780,000	160,000	460,000		1,575,000
2003		60,000	680,000	170,000	396,000		1,306,000
2004			631,000	180,000	370,000		1,181,000
2005			134,000		205,000		339,000
2006			65,000		104,000		169,000
2007			65,000				65,000
2008			70,000				70,000
2009			30,000				30,000
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							
Total Principal Payments To Maturity	$151,545,000	$27,485,000	$24,196,000	$5,120,000	$28,160,000	$ 4,320,000	$240,826,000

STATE OF KANSAS
DEBT SERVICE REQUIREMENTS TO MATURITY
(Principal Payments by Fiscal Year)



SECTION I

COMBINED STATEMENTS

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EXHIBIT "A"

COMBINED FUNDS
Comparative Balance Sheet
June 30

	Governmental Fund Types			
	State General Fund	Federal Revenue Sharing Fund	Special Revenue Funds	Highway Funds
RECOGNIZED ASSETS				
Equity in State Treasurer's Common Cash Fund (See Section XIII, Note 2)	$ 62,137,168.62	$ 0.00	$ 163,570,237.63	$ 129,749,456.39
Cash in Agencies' Imprest Funds	324,960.00	---	338,745.00	2,000.00
Cash with Banks for Purchase of Investments	---	---	---	5,943.02
Cash with U.S. Treasurer	---	---	---	---
Inmate Patient and Client Monies in State Agencies' Custody	---	---	---	---
Public Employees Retirement Fund Investments (Accrual Basis)	---	---	---	---
Investments Owned by Other Funds (Cost Basis)	---	---	528,568.67	124,038,336.45
Investments of Deferred Compensation Plan Balances (Market Value)	---	---	---	---
Uninvested Cash with Fish and Game Commission	---	---	---	---
Investments with Fish and Game Commission	---	---	---	---
Ad Valorem Taxes Due from County Treasurers	---	---	---	---
Balance Held with Escrow Agent (Santa Fe Building)	---	---	---	---
Amount to be Provided for Revenue Bond Redemption	---	---	---	151,545,000.00
Amount to be Provided for Bond Defeasance Redemption	---	---	---	---
Amount to be Provided for Loan Redemption	---	---	7,842,652.00	---
Amount to be Provided for Certificates of Participation	---	---	1,654,429.00	---
TOTAL RECOGNIZED ASSETS	$ 62,462,128.62	$ 0.00	$ 173,934,632.30	$ 405,340,735.86
LIABILITIES, OTHER OBLIGATIONS AND BALANCES				
LIABILITIES				
Unredeemed Warrants	$ 20,894,710.63	$ 0.00	$ 26,243,207.73	$ 30,940,916.85
Due for Payroll Deductions, Taxes, Retirement, Etc.	---	---	---	---
Due Employees for Deferred Compensation (Market Value)	---	---	---	---
Revenue Bonds Payable (See Section XII)	---	---	---	151,545,000.00
Defeased Bond Debt Payable (See Section XII)	---	---	---	---
Loans Payable (See Section XII)	---	---	7,842,652.00	---
Certificates of Participation Payables (See Section XII)	---	---	1,654,429.00	---
Inmate, Patient and Client Trust Funds	---	---	---	---
Accrued KPERS Quarterly Employee Distribution	10,559,191.00	---	---	---
Total Liabilities	31,453,901.63	0.00	35,740,288.73	182,485,916.85
OTHER OBLIGATIONS				
Total Unliquidated Encumbrances	21,563,642.43	0.00	37,711,861.04	309,366,912.63
Unencumbered Balance of Appropriations Reappropriated	21,338,343.19	0.00	---	---
Total Other Obligations	42,901,985.62	0.00	37,711,861.04	309,366,912.63
FUND AND AVAILABLE BALANCES				
Unencumbered Cash Balance Available to Finance Appropriations	<1,659,527.63>	0.00	---	---
Unencumbered Cash Balance of Agency Funds	---	---	99,615,168.86	<210,558,376.09>
Available Reserve for Accrued KPERS Quarterly Employee Distribution Financed from Succeeding Fiscal Year Appropriations	<10,559,191.00>	---	---	---
Agencies' Imprest Funds	324,960.00	---	338,745.00	2,000.00
Cash in Banks for Purchase of Investments	---	---	---	5,943.02
Invested Balances of Public Employees Retirement Fund (Accrual Basis)	---	---	---	---
Invested Balances of Other Funds (Cost Basis)	---	---	528,568.67	124,038,336.45
Balances with Fish and Game Commission	---	---	---	---
Taxes Due from County Treasurers (Deferred Revenue)	---	---	---	---
Balance with Escrow Agent (Santa Fe Building)	---	---	---	---
Total Fund and Available Balances	<11,893,758.63>	0.00	100,482,482.53	<86,512,096.62>
TOTAL LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES	$ 62,462,128.62	$ 0.00	$ 173,934,632.30	$ 405,340,735.86
From Exhibit "A" of Section	II	III	IV	V

DETAIL OF 1986							
	Proprietary Fund Types		Fiduciary Fund Types			Totals (Memorandum Only)	
Capital Projects Funds	Enterprise Funds	Intragovernmental Service Funds	Trust and Agency Funds	Clearing Refund and Suspense Funds	Payroll Clearing Funds	1986	1985
$ 21,023,989.75	$ 21,302,766.24	$ 26,547,070.16	$ 136,111,478.45	$ 47,597,983.00	$ 14,117,168.36	$ 622,157,318.60	$ 712,175,732.64
---	1,000.00	---	500.00	---	---	667,205.00	648,205.00
---	670.43	---	---	---	---	6,613.45	<1,987,450.84>
---	---	---	318,491,000.00	---	---	318,491,000.00	274,041,000.00
---	---	---	2,044,933.17	---	---	2,044,933.17	1,046,492.91
---	---	---	2,493,443,498.06	---	---	2,493,443,498.06	2,048,286,385.14
23,418,391.99	18,501,253.60	---	26,528,473.46	---	---	193,015,024.17	194,325,003.61
---	---	---	41,034,988.49	---	---	41,034,988.49	---
130,043.87	---	---	---	---	---	130,043.87	194,582.55
2,365,796.92	---	---	---	---	---	2,365,796.92	2,030,922.98
7,369,034.97	---	---	---	---	---	7,369,034.97	7,062,280.00
---	---	3,897,593.00	---	---	---	3,897,593.00	11,245,000.00
27,485,000.00	24,196,000.00	---	---	---	---	203,226,000.00	214,125,000.00
5,120,000.00	28,160,000.00	---	4,320,000.00	---	---	37,600,000.00	8,075,000.00
---	---	14,991,900.00	---	---	---	22,834,552.00	27,101,900.00
28,490,000.00	---	---	---	---	---	30,144,429.00	---
$115,402,257.50	$ 92,161,690.27	$ 45,436,563.16	$3,021,974,871.63	$ 47,597,983.00	$ 14,117,168.36	$3,978,428,030.70	$3,498,370,053.99
$ 2,030,007.61	$ 2,461,964.88	$ 3,651,987.31	$ 62,989,188.32	$ 26,359,441.38	$ 10,214,903.99	$ 185,786,330.70	$ 182,027,209.03
---	---	---	---	---	3,902,264.37	3,902,264.37	6,957,774.59
---	---	---	41,034,988.49	---	---	41,034,988.49	---
27,485,000.00	24,196,000.00	---	---	---	---	203,226,000.00	214,125,000.00
5,120,000.00	28,160,000.00	---	4,320,000.00	---	---	37,600,000.00	8,075,000.00
---	---	14,991,900.00	---	---	---	22,834,552.00	27,101,900.00
28,490,000.00	---	---	---	---	---	30,144,429.00	---
---	---	---	2,044,933.17	---	---	2,044,933.17	1,046,492.91
---	---	---	---	---	---	10,559,191.00	---
63,125,007.61	54,817,964.88	18,643,887.31	110,389,109.98	26,359,441.38	14,117,168.36	537,132,688.73	429,333,376.53
7,442,708.04	1,417,028.71	4,273,525.84	4,841,981.64	576,322.43	0.00	387,193,982.76	418,124,395.65
5,318,766.51	---	---	---	---	---	26,857,109.70	26,270,558.29
12,761,474.55	1,417,028.71	4,273,525.84	4,841,981.64	576,322.43	0.00	413,851,092.46	444,394,953.94
5,679,209.23	---	---	---	---	---	4,019,681.60	103,773,456.03
553,298.36	17,423,772.65	18,621,557.01	386,771,308.49	20,662,219.19	---	333,088,949.47	259,063,339.05
---	---	---	---	---	---	<10,559,191.00>	---
---	1,000.00	---	500.00	---	---	667,205.00	648,205.00
---	670.43	---	---	---	---	6,613.45	<1,987,450.84>
---	---	---	2,493,443,498.06	---	---	2,493,443,498.06	2,048,286,385.14
23,418,391.99	18,501,253.60	---	26,528,473.46	---	---	193,015,024.17	194,325,003.61
2,495,840.79	---	---	---	---	---	2,495,840.79	2,225,505.53
7,369,034.97	---	---	---	---	---	7,369,034.97	7,062,280.00
---	---	3,897,593.00	---	---	---	3,897,593.00	11,245,000.00
39,515,775.34	35,926,696.68	22,519,150.01	2,906,743,780.01	20,662,219.19	0.00	3,027,444,249.51	2,624,641,723.52
$115,402,257.50	$ 92,161,690.27	$ 45,436,563.16	$3,021,974,871.63	$ 47,597,983.00	$ 14,117,168.36	$3,978,428,030.70	$3,498,370,053.99
VI	VII	VIII	IX	X	XI		

EXHIBIT "B"

COMBINED FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

	Governmental Fund Types			
	State General Fund	Federal Revenue Sharing Fund	Special Revenue Funds	Highway Funds
Amounts Available For Expenditure:				
Unencumbered Cash Balance at July 1, 1985	$ 120,405,784.76	$ 248,203.27	$ 81,168,123.50	$ <223,397,442.02>
Encumbrances Outstanding at July 1, 1985	16,989,323.14	293,919.81	40,410,176.00	348,022,378.67
Subtotal	137,395,107.90	542,123.08	121,578,299.50	124,624,936.65
Revenue Fiscal Year 1986	1,641,428,521.95	<542,123.08>	1,026,382,752.83	475,642,111.01
TOTAL AVAILABLE	1,778,823,629.85	0.00	1,147,961,052.33	600,267,047.66
Amounts Expended and Encumbered:				
Expenditures Fiscal Year 1986	1,737,581,171.86	0.00	1,010,634,022.43	501,458,510.12
Encumbrances Outstanding at June 30, 1986				
Firm Obligations	21,563,642.43	0.00	14,899,562.13	12,755,241.18
Contingent Obligations	0.00	0.00	22,812,298.91	296,611,671.45
TOTAL EXPENDED AND ENCUMBERED	1,759,144,814.29	0.00	1,048,345,883.47	810,825,422.75
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986 (Note 1)	$ 19,678,815.56(a)	$ 0.00	$ 99,615,168.86	$ <210,558,375.09>
From Exhibit "B" of Section	II	III	IV	V

(a) This amount does not take into consideration the amount of reappropriated balances of appropriations at June 30, 1986, as follows:

State General Fund		$ 21,338,343.19
Capital Projects Funds:		
Kansas Educational Building Fund	$ 2,925,490.67	
State Institutions Building Fund	2,354,275.84	
Correctional Institutions Building Fund	39,000.00	5,318,766.51
Total		$ 26,657,109.70

Note 1 -- This represents the unencumbered cash balance in the State Treasury and does not include Investments, Cash with Banks for Purchase of Investments nor Agencies Imprest Funds. The amounts for these items are shown in Exhibit A, Combined Funds Comparative Balance Sheet.

	Proprietary Fund Types		Fiduciary Fund Types			
Capital Projects Funds	Enterprise Funds	Intragovernmental Service Funds	Trust and Agency Funds	Clearing Refund and Suspense Funds	Payroll Clearing Funds	Total 1986
$ 9,698,351.76	$ 15,472,124.62	$ 18,233,318.13	$ 349,741,184.53	$ 17,537,704.82	$ 6,957,774.59	$ 396,065,127.96
5,307,215.68	1,285,973.19	5,015,997.41	727,116.06	72,295.69	0.00	418,124,395.65
15,005,567.44	16,758,097.81	23,249,315.54	350,468,300.59	17,610,000.51	6,957,774.59	814,189,523.61
111,541,668.01	91,529,078.49	85,566,036.72	2,168,450,524.79	612,711,046.20	309,327,674.21	6,522,037,291.13
126,547,235.45	108,287,176.30	108,815,352.26	2,518,918,825.38	630,321,046.71	316,285,448.80	7,336,226,814.74
107,553,253.31	89,446,374.94	85,920,269.41	2,127,305,535.25	609,082,505.09	312,383,184.43	6,581,364,826.84
5,374,853.13	1,402,738.71	3,448,802.03	3,595,035.66	551,322.43	---	63,591,197.70
2,067,854.91	14,290.00	824,723.81	1,246,945.98	25,000.00	---	323,602,785.06
114,995,961.35	90,863,403.65	90,193,795.25	2,132,147,516.89	609,658,827.52	312,383,184.43	6,968,558,809.60
$ 11,551,274.10(a)	$ 17,423,772.65	$ 18,621,557.01	$ 386,771,308.49	$ 20,662,219.19	$ 3,902,264.37	$ 367,668,005.14(a)
VI	VII	VIII	IX	X	XI	

EXHIBIT "C"

COMBINED FUNDS
Comparative Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	Governmental Fund Types				
	State General Fund	Federal Revenue Sharing Fund	Special Revenue Funds	Highway Funds	Capital Projects Funds
OPERATING REVENUE					
Taxes	$1,594,509,638.66	$ 0.00	$ 3,469,339.30	$221,749,057.91	$ 19,231,285.40
Agency Earnings	13,160,642.77	0.00	261,540,562.39	3,798,050.38	1,503,107.35
Revenue From the Use of Money and Property	42,914,243.41	0.00	4,320,836.10	14,373,895.91	1,978,448.25
Gifts, Donations and Grants	14,890.66	0.00	596,486,908.17	204,427,501.66	67,706.00
Other Operating Revenue	18,394,421.49	0.00	3,402,333.92	7,335.47	0.00
GROSS OPERATING REVENUE	1,668,993,836.99	0.00	869,219,979.88	444,355,841.33	22,780,547.00
OPERATING EXPENDITURES					
Salaries and Wages	520,771,669.39	0.00	314,976,040.29	76,129,094.81	174,293.21
Contractual Services	113,693,136.42	0.00	112,167,098.21	21,530,770.00	3,619,447.52
Commodities	25,415,610.50	0.00	46,602,009.19	22,760,492.54	309,908.54
Capital Outlay	23,120,973.07	0.00	29,303,118.05	302,481,493.59	13,695,169.16
Grants, Claims, Shared Revenue and Debt Service	899,998,844.58	0.00	478,468,371.99	69,034,195.53	2,613,097.92
GROSS OPERATING EXPENDITURES	1,583,000,233.96	0.00	981,516,637.73	491,936,046.47	20,411,916.35
Excess of Operating Revenue Over Operating Expenditures	85,993,603.03	0.00			2,368,630.65
Excess of Operating Expenditures Over Operating Revenue			112,296,657.85	47,580,205.14	
GROSS NON-OPERATING REVENUE	<27,565,315.04>	<542,123.08>	157,162,772.95	31,286,269.68	88,761,121.01
GROSS NON-OPERATING EXPENDITURES	154,580,937.90	0.00	29,117,384.70	9,522,463.65	87,141,336.96
Excess of Non-Operating Revenue Over Non-Operating Expenditures			128,045,388.25	21,763,806.03	1,619,784.05
Excess of Non-Operating Expenditures Over Non-Operating Revenue	182,146,252.94	542,123.08			
EXCESS OF REVENUE OVER EXPENDITURES			$ 15,748,730.40		$ 3,988,414.70
EXCESS OF EXPENDITURES OVER REVENUE	$ 96,152,649.91	$ 542,123.08		$ 25,816,399.11	
From Exhibit "C" of Section	II	III	IV	V	VI

DETAIL OF 1986

Proprietary Fund Types		Fudiciary Fund Types			Totals (Memorandum Only)	
Enterprise Funds	Intragovernmental Service Funds	Trust and Agency Funds	Clearing Refund and Suspense Funds	Payroll Clearing Funds	1986	1985
$ 0.00	$ 216,477.43	$ 356,103,211.87	$ 215,386,180.20	$ 0.00	$2,410,665,190.77	$2,376,315,255.15
18,436,564.57	77,546,781.80	135,498.47	107,124.72	0.00	376,228,332.45	341,941,007.32
26,487,652.44	6,590,639.46	466,784,083.50	2,219,535.86	0.00	565,669,334.93	363,463,325.38
101,359.57	0.00	7,503,703.62	0.00	0.00	808,602,069.68	741,693,016.57
340,731.84	144,199.42	27,408,219.63	2,360,435.07	0.00	52,057,676.84	45,171,941.38
45,366,308.42	84,498,098.11	857,934,717.09	220,073,275.85	0.00	4,213,222,604.67	3,870,804,545.80
19,738,367.75	24,017,410.08	2,615,082.64	344,311.96	0.00	958,766,270.13	902,913,466.75
9,654,262.89	29,836,962.04	16,276,326.05	2,673,200.11	0.00	309,451,203.24	279,455,679.61
6,772,263.99	20,101,142.85	121,095.02	12,847.92	0.00	122,095,370.55	116,725,810.06
1,710,342.75	11,749,201.03	107,753.32	1,635.00	0.00	382,169,685.97	345,709,387.21
2,132,655.84	813.88	584,184,208.41	1,453,776.04	0.00	2,037,885,964.19	1,862,302,434.31
40,007,893.22	85,705,529.88	603,304,465.44	4,485,771.03	0.00	3,810,368,494.08	3,507,106,779.94
5,358,415.20		254,630,251.65	215,587,504.82	0.00	402,854,110.59	363,697,765.86
	1,207,431.77					
46,162,770.07	1,067,938.61	1,310,515,807.70	392,637,770.35	309,327,674.21	2,308,814,686.46	1,957,686,106.23
49,438,481.72	214,739.53	1,524,001,069.81	604,596,734.06	312,383,184.43	2,770,996,332.76	2,186,894,547.06
	853,199.08					
3,275,711.65		213,485,262.11	211,958,963.71	3,055,510.22	462,181,646.30	229,208,440.85
$ 2,082,703.55		$ 41,144,989.54	$ 3,628,541.11			$ 134,489,325.01
	$ 354,232.69			$ 3,055,510.22	$ 59,327,535.71	
VII	VIII	IX	X	XI		

SCHEDULE "C-I"

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
TAXES		
Property Taxes (Ad Valorem):		
Real Estate and Other Property	$ 16,980,111.81	$ 17,284,946.68
Motor Vehicles	2,251,173.59	2,377,141.65
Intangible	0.00	8,648.93
Motor Carrier (Rolling Stock)	8,110,354.63	6.673,561.89
Total Property Taxes (Ad Valorem)	27,341,640.03	26,344,299.15
Income and Inheritance Taxes:		
Corporation Income Tax Return Payments	81,252,620.36	78,349,116.50
Corporation Estimated Tax Payments	88,012,657.11	106,327,907.40
Individual Income Tax Return Payments	90,762,531.22	109,239,796.13
Employer's Withholding Tax Remittances	555,978,173.70	531,542,290.02
Individual Estimated Tax	99,432,675.62	105,698,173.06
Inheritance Tax	33,202,394.57	30,517,184.36
Privilege Tax on Net Income of Certain Financial Institutions	20,205,359.81	17,478,710.48
Domestic Insurance Company Income Tax	321,156.64	233,813.07
Total Income and Inheritance Taxes	969,167,569.03	979,386,991.02
Sales, Use, Ownership and Other Excise Taxes:		
State Sales Tax	491,433,177.39	480,832,578.54
State Consumer's Compensating Tax	31,782,262.32	30,324,723.00
State Retailer's Compensating Tax	39,769,729.50	38,461,982.03
Local Sales Tax	165,854,961.56	133,519,329.57
Local Compensating Use Tax	3,505,585.16	3,247,139.25
Cigarette Tax	58,725,680.64	44,158,680.59
Motor Fuel Tax		
Gasoline Tax Collections	112,007,824.17	111,936,921.21
Special Fuels Collections	27,418,485.73	26,952,251.93
Liquefied Petroleum Collections	659,980.32	754,952.27
Gasahol Tax Collections	18,871,582.05	15,978,804.55
Cereal Malt Beverage	4,654,504.80	5,107,444.87
Liquor Enforcement	17,743,451.60	17,009,728.15
Alcoholic Liquor		
Liquor Gallonage Tax	11,981,983.29	12,232,513.80
Liquor Private Club Tax	10,496,713.94	8,833,289.82
Motor Vehicle Registrations	70,463,019.77	70,265,151.08
Tobacco Products Tax	1,291,089.08	1,252,852.92
Corporation Franchise Tax	6,535,807.59	6,180,427.36
Wheat	1,601,776.47	1,520,354.17
Motor Boat Registrations	334,746.00	306,118.00
Motor Vehicle Dealer's Tax	53,415.50	40,217.50
Severance Tax on Coal	679,227.60	426,790.08
Severance Tax on Salt	86,690.51	85,678.90
Severance Tax on Oil	56,473,170.79	66,508,327.32
Severance Tax on Gas	42,171,274.73	41,929,542.91
Total Sales, Use, Ownership and Other Excise Taxes	1,176,596,140.51	1,119,863,799.82
Gross Receipts Taxes:		
Car Companies and Owners	838,440.68	948,757.74
Insurance Companies		
Insurance Premiums (Foreign)	49,838,868.48	58,360,424.00
Insurance Premiums (Firemen's Relief)	3,440,016.58	3,039,295.36
Insurance Premiums (State Fire Marshal)	2,073,898.11	2,264,837.57
Insurance Premiums (Domestic)	6,194,024.57	7,647,471.81
Insurance Premiums (Retaliatory)	5,338,839.00	2,507,537.72
Bingo Tax	743,979.32	812,382.36
Transient Guest Tax	4,264,972.95	3,698,797.28
Musical and Dramatical Compositions Tax	10,063.59	9,871.89
Total Gross Receipts Taxes	72,743,103.28	79,289,375.75
Payroll Taxes:		
Employment Security Contributions	164,816,737.92	173,430,789.41
TOTAL TAXES	2,410,665,190.77	2,378,315,255.15
AGENCY EARNINGS		
Service Charges:		
Charges for Inspections, Supervisions, Examinations and Audits	14,472,764.58	13,624,080.69
Charges for Technical and Skilled Services Other than Inspectional	20,551,601.08	18,702,102.97
Charges for Services in Connection with Corporation Insurance and Other Organizations	1,052,089.43	1,057,613.45
Charges for Clerical Services, Issuance of Certificates and Copies in Agency Offices	4,350,967.38	3,425,348.98
Charges for Education and Libraries	99,466,167.52	90,897,189.72
Charges for Care and Hospitalization of Persons	104,962,937.19	79,837,230.12
Charges for Admissions	1,900,369.42	2,090,029.39
Capitol Area and KANS-A-N Telephone System Charges	10,438,597.09	9,250,628.05
Other Service Charges		
Collection Assistance Fee	269,010.94	170,266.27
Bond Registration Fees and Commissions	433,596.90	355,413.52
Othem Miscellaneous Services Charges	13,174,582.42	22,681,743.94
Total Service Charges	271,072,683.94	242,091,647.40

SCHEDULE "C-I"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE (Continued)		
AGENCY EARNINGS (Concluded)		
Licenses, Permits and Registrations:		
Occupational Licenses, Permits and Registrations (Business)		
To Render Personal Services	$ 3,746,853.84	$ 3,265,574.99
To Engage in Business	6,924,559.54	6,251,008.46
Motor Carrier Businesses	4,370,878.34	4,541,598.88
Special Vehicle Permits	294,370.10	329,388.20
Bingo License Application and Registration Fees	21,425.00	18,075.00
Other Occupational Licenses, Permits and Registrations (Business)	468,591.29	487,484.51
Nonoccupational Licenses, Permits and Registrations (Nonbusiness)		
To Hunt, Fish or Trap	8,491,451.58	7,753,753.01
To Operate Motor Vehicle	4,683,327.50	4,559,024.67
Fish Hatchery Fees	948,784.00	931,224.00
*Big Game Permits	38,490.00	---
Other Nonoccupational Licenses, Permits & Registrations (Nonbusiness)	1,357,585.65	1,305,908.51
Total Licenses, Permits and Registrations	31,346,316.84	29,443,040.23
Sale of Commodities:		
Manufactured Products (Including Printing)	11,022,053.52	10,724,207.06
State Printed Matter and Publications	2,610,518.89	2,531,556.04
Farm, Garden and Orchard Crops, Dairy Products, Processed or Produced	2,179,732.68	2,056,953.74
Livestock and Poultry	2,610,639.87	2,456,976.50
Salvage, Scrap, Obsolete and Condemned Material	192,256.13	127,817.55
Usable Condemned Equipment	947,591.33	961,813.63
Sales of Meals and Processed Foods	8,670,320.75	7,330,638.75
Other Sundry Articles and Commodities	5,582,827.04	4,683,500.11
Total Sales of Commodities	33,815,940.21	31,073,463.38
Grain Marketing Assessments:		
Corn Marketing Assessment	348,221.42	245,896.03
Grain Sorghum Marketing Assessment	745,189.35	480,303.69
Soybean Marketing Assessment	390,900.41	228,482.16
Total Grain Marketing Assessments	1,484,311.18	954,681.88
Inter-Departmental Sales Through College and University Clearing Accounts	38,509,080.28	38,378,174.43
TOTAL AGENCY EARNINGS	376,228,332.45	341,941,007.32
REVENUE FROM THE USE OF MONEY AND PROPERTY		
Investment Income-Kansas Public Employees Retirement System:		
Interest and Dividends from KPERS Investment	203,462,997.70	180,650,583.58
Amortization of KPERS Bond Premiums	<2,425,962.18>	<342,574.04>
Amortization of KPERS Bond Discounts	6,185,458.68	4,759,534.17
Gain or Loss on KPERS Investments Sold	226,264,446.20	57,116,009.46
Total Investment Income - Kansas Public Employees Retirement System	433,486,940.40	242,183,553.97
Investment Income - Other State Agencies:		
Interest on State Treasury Deposits	64,977,392.27	54,074,417.21
*Interest on State Treasury Investments	6,759,629.49	7,132,290.28
Interest on State Agency Investments	19,653,905.32	22,928,934.71
*Interest on Imprest Fund Accounts	706.01	---
Gain or Loss on Investments Sold	242,129.91	10,753.56
Other Interest, Dividends, Premiums and Discounts	1,076,964.70	829,895.86
Total Investment Income - Other State Agencies	92,710,727.70	84,976,291.64
Rents and Royalties:		
Unimproved Land	174,056.41	237,955.11
Real Estate and Buildings	127,560.60	132,273.09
Halls and Rooms in State Buildings	34,141,467.84	30,965,236.16
Oil, Gas, Mineral and Sand Royalties	1,278,208.56	1,575,508.53
Sale of Rights to Manuscripts	0.00	82.93
Sale of Permission to Quote Copyrighted Material	3,524.04	7,604.57
Other Rents and Royalties	3,746,849.38	3,404,820.18
Total Rents and Royalties	39,471,666.83	36,323,480.57
TOTAL REVENUE FROM THE USE OF MONEY AND PROPERTY	565,669,334.93	363,483,385.38

* New revenue classification for fiscal year 1986.

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE (Continued)		
GIFTS, DONATIONS AND GRANTS		
Federal Grants:		
Highways and Bridges	$ 199,991,751.90	$ 189,311,063.16
Public Health	40,310,582.08	34,399,776.46
Assistance and Relief:		
Social and Rehabilitation Services Federal Formula Grants Group A	192,511,900.00	186,768,205.00
Social and Rehabilitation Services Federal Formula Grants Group B	22,392,676.43	19,769,610.98
Social and Rehabilitation Services Federal Block Grants	51,640,276.00	51,895,037.34
Employment Security Administration	23,276,000.00	23,688,000.00
Education and Research	161,534,641.52	149,091,959.87
Other Federal Grants	90,839,821.60	60,648,377.44
Total Federal Grants	782,497,649.53	715,572,030.25
All Other Grants, Gifts, Donations and Contributions	26,104,420.15	26,320,986.32
TOTAL GIFTS, DONATIONS AND GRANTS	808,602,069.68	741,893,016.57
OTHER OPERATING REVENUE		
Workmens' Compensation Fund Assessments	1,644,419.98	7,850,887.88
Workmens' Compensation Fund - Non-Dependent Deaths	122,250.00	148,000.00
Workers' Compensation Division Assessments	2,688,341.22	1,180,059.48
Health Care Premium Surcharge	25,33[illegible],200.64	15,241,868.74
Crime Victim Reparations Deductions from Docket Fees	419,843.92	223,757.92
District Court Clerk's Fees	8,730,657.76	8,580,625.34
Law Enforcement Training Center Deductions from Docket Fees	716,268.27	666,386.34
Fines, Penalties, Forfeitures - District Courts	7,477,697.30	7,069,590.74
Investment Income on District Court Accounts	365,767.76	418,471.02
Alcohol and Drug Safety Action Program Assessments	6,911.15	13,367.85
Other Fines, Penalties and Forfeitures	1,000,443.92	685,770.28
Unclaimed Property Receipts	1,669,492.63	1,236,657.84
Other Operating Revenue:		
Outlawed Warrants	583,187.89	547,419.92
Bad Debts Recovered	97,704.10	139,664.96
Other Miscellaneous Revenue	1,198,490.30	1,169,413.07
TOTAL OTHER OPERATING REVENUE	52,057,676.84	45,171,941.38
GROSS OPERATING REVENUE	4,213,222,604.67	3,870,804,545.80
NON-OPERATING REVENUE		
BORROWINGS:		
Revenue Bond Proceeds	15,838.23	0.00
*Certificates of Participation Proceeds	29,108,965.15	---
*Accrued Interest on Certificates of Participation Issued	171,161.61	---
Accrued Interest on Revenue Bonds Issued	1,205,538.95	574,271.03
Other Borrowings	<110,000.00>(a)	15,856,900.00
TOTAL BORROWINGS	30,391,503.94	16,431,171.03
RECEIPTS FROM THE CONVERSION OF ASSETS:		
Kansas Public Employees Retirement System:		
KPERS Receivables	<46,899,515.97>	18,859,364.31
Sale of KPERS Securities (Cost)	13,138,531,324.29	10,622,763,947.96
Sale of Bonds by KPERS (Face)	2,678,474,845.21	1,231,500,036.24
Small Business Administration Loan Redemptions by KPERS	531,193.54	470,027.36
Mortgages Sold or Matured by KPERS	10,552,140.41	8,042,666.13
KPERS Investment Clearing	<15,781,189,987.48>	<11,881,636,042.02>
Total Kansas Public Employees Retirement System	0.00	0.00
Other State Agencies:		
Sale of Land and Buildings	97,860.38	108,770.53
Insurance Reimbursements	381,911.34	346,992.74
Investments (Book Value)	86,491,882.31(b)	39,307,418.87
Other Asset Conversions	10,100.00	51,083.11
Total Other State Agencies	86,981,754.03	39,814,265.25
TOTAL RECEIPTS FROM THE CONVERSION OF ASSETS	86,981,754.03	39,814,265.25
REIMBURSEMENTS AND REFUNDS:		
Recovery of Current Fiscal Year Expenditures	36,710,471.17	28,965,237.34
Recovery of TIAA-CREF Remittances	41,583.49	37,088.9[illegible]
AFDC Child Support Collections	10,574,899.02	9,804,366.09
Non-AFDC Child Support Collections	0.00	21,896.64
General Medical Recoveries	1,294,489.44	1,253,607.70
Medical Audit Recoveries	534,151.56	177,777.80
Non-Welfare Child Support Collections	873,649.51	726,360.34
Refunds of Advances:		
Refunds of Advances for Petty Cash Funds	2,599.51	0.00
Refunds of Advances for Imprest Funds	3,000.00	3,000.00
Other Refunds of Advances	109,529,667.59	102,505,092.40
Accrued Interest on Investments Purchased	316,667.59	8,453.99
Reimbursements and Refunds (Other than Sales) from Other State Agencies	34,710,097.74	31,799,230.51
Recovery of Accrued Interest Purchased on KPERS Investments	<32,411,019.28>	<18,638,890.85>
Other Reimbursements and Refunds	3,968,776.58	4,586,402.8[illegible]
TOTAL REIMBURSEMENTS AND REFUNDS	166,149,033.92	161,252,546.77

* New revenue classification for fiscal year 1986.

(a) This credit is due to a $285,000 transfer from the State Printing Plant Construction Fund to the Pooled Money Investment Board representing monies in the original loan advance that were not required for construction.

(b) Fiscal year 1986 includes investment activity for Certificates of Participation Funds.

SCHEDULE "C-I"-Concluded

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1986	1985
NON-OPERATING REVENUE (Concluded)		
PENSION ASSESSMENTS AND O.A.S.D.H.I.	$ 361,157,616.05	$ 364,756,720.67
TRUSTS	350,043,566.93	272,236,915.17
TRANSFERS:		
Transfers of Revenue from Other Funds	590,197,447.66	[illegible]
Payroll Consolidating Transfers In	348,450,589.97	[illegible]
Payroll Transfers	309,327,674.21	[illegible]
TOTAL TRANSFERS	1,247,975,711.84	[illegible]
SUSPENSE	2,332,240.17	11,861,195.90
OTHER NON-REVENUE RECEIPTS		
Recovery of Prior Fiscal Year Expenditures	3,754,644.00	[illegible]
Defeased Bond Payments Transfer from Trustee	1,427,926.40	[illegible]
*Agency Payments Under Certificates of Participation Agreements	2,641,421.00	
Other Non-revenue Receipts	35,961,332.62(a)	[illegible]
TOTAL OTHER NON-REVENUE RECEIPTS	43,761,326.79	[illegible]
GROSS NON-OPERATING REVENUE	2,005,074,838.46	[illegible]
TOTAL GROSS REVENUE	$6,572,037,292.13	[illegible]

* New revenue classification for fiscal year 1986.

(a) Fiscal year 1986 includes $21 million due to the method used in recording investment activity on the Certificates of Participation Funds.

SCHEDULE "C-II"

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES		
SALARIES AND WAGES		
Classified Employees	$ 490,418,043.72	$ 459,872,737.10
Unclassified Employees	298,708,401.01	279,040,751.69
Student Employees	35,803,223.81	33,670,727.85
Patient Employees	569,656.53	615,125.69
Special Payments:		
Foster Grandparents and Senior Companions Pay	110,039.05	107,311.20
Kansas National Guard Service Pay	9,994.00	11,479.20
Legislators' Compensation	1,082,619.42	915,125.59
Legislative Allowances	886,738.90	589,526.46
Pensions and Retirement Salaries and Wages:		
Classified Pensions and Retirement and Salaries and Wages	1,555.18	2,037.04
Unclassified Pensions and Retirement Salaries and Wages	19,310.77	30,605.56
Other Employee Compensation:		
Work Improvement Suggestion Awards	0.00	447.00
Salary Advance	592.88	1,322.85
State Pension Fund Contributions:		
Public Employees Retirement System Contributions	19,460,191.25	19,533,622.04
Teachers Retirement Contributions KPERS	41,692.49	47,322.59
Educational Institutions Employees Retirement System Contributions	11,093,657.55	8,655,523.14
Educational Institutions Public Employees Retirement System Contributions (Prior Service Credits)	1,124,034.23	1,204,425.82
Educational Institutions TIAA-CREF Employees Group Life and Disability Insurance Contributions	1,238,701.95	1,153,691.33
Judges Retirement Fund Contributions	711,952.98	809,163.38
Correctional Officers Retirement Contributions	1,221,240.47	1,600,082.07
Police and Firemen's Retirement System Contributions - Highway Patrol	1,796,872.03	1,998,046.54
Police and Firemen's Retirement System Contributions - KBI	238,775.09	281,822.19
Other Employer Payroll Contributions:		
Federal O.A.S.D.H.I. Contributions	53,326,856.66	49,442,313.75
Federal Employees Group Health and Life Insurance	532,103.61	541,769.45
Federal Employees Civil Service Retirement Contributions	990,621.99	966,455.81
Group Health and Hospitalization Insurance	32,035,669.33	34,870,292.14
State Workers' Compensation Contributions	5,729,173.71	3,063,582.87
State Unemployment Compensation Tax	1,614,551.52	3,888,158.40
TOTAL SALARIES AND WAGES	958,766,270.13	902,913,468.75
CONTRACTUAL SERVICES		
Communications:		
Postage	8,736,082.90	7,720,806.12
Telephone Service, Local Vendor	9,432,776.65	8,426,718.43
Telephone, Long Distance (Non-KANS-A-N) and Telegram, Paid to Vendor	386,116.47	332,949.06
Private Line Voice/Data Transmission/Communication Equipment and Services (Commercial Vendors)	7,592,656.83	6,995,691.62
Intergovernmental Voice/Data Service, Local, Paid to State Agencies	3,750,549.37	3,547,197.47
Intergovernmental Postage Payments	3,865,743.72	3,431,004.84
Intergovernmental Telephone & Telegraph, Commercial Long Distance-State	491,806.46	134,573.55
Intergovernmental Telephone & Telegraph, (KANS-A-N), State	9,091,603.73	8,040,888.74
Other Communication	200,725.78	223,637.06
Freight and Express:		
Freight	439,144.48	401,309.35
Moving of Agency Offices	230,188.86	47,346.78
Employees' Personal Effects, In-State	83,641.07	79,919.14
Employees' Personal Effects, Out-of-State	59,034.92	72,631.52
Package Delivery Service	630,019.54	562,421.66
Other Freight and Express	28,133.73	25,017.78
Printing, Duplicating and Advertising:		
Printing and Binding (Payments to State Facilities Only)	6,684,074.54	6,018,272.83
Duplicating, Blue-Printing and Reproducing	2,879,048.51	2,568,638.18
Advertising (Classified and Legal)	1,249,826.63	1,059,268.97
Other Vendor Printing and Binding	1,446,827.46	1,125,192.91
Rental of Property and Equipment:		
Rent of Reprographic Equipment	2,195,342.32	2,208,663.38
Rent of Space in Buildings	9,041,982.13	7,793,501.94
Rent of Equipment	1,017,017.69	860,982.83
Rent of Land	272,568.21	259,174.51
Rental of Computer Systems Equipment	3,010,656.12	2,706,274.16
Rental of Information Processing Equipment	1,387,987.76	1,922,931.83
Rental of Computer or Information Processing Software	1,456,973.42	1,070,709.57
Intergovernmental Rent of Space in Buildings	9,913,755.68	8,656,297.84
Other Rent	549,158.18	472,516.47
Repairing and Servicing:		
Passenger Cars	687,291.87	695,638.61
Other Self-Propelled Equipment	889,553.25	933,346.06
Machinery & Equipment (Except Self-Propelled) & Furniture & Fixtures	5,574,112.71	5,263,677.43
Buildings and Grounds	11,024,698.92	9,418,921.16
Highways and Bridges	6,330,166.17	4,415,774.57
Repairing and Servicing Computer Systems Equipment	2,619,623.78	2,392,557.44
Information Processing, Microcomputer Systems and Data Communications Equipment	2,636,133.96	2,265,356.90
Computer Systems and Information Processing Equipment Software	499,242.69	385,285.32
Repairing and Servicing Not Otherwise Classified	769,088.99	566,709.23

SCHEDULE "C-II"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES (Continued)		
CONTRACTUAL SERVICES (Concluded)		
Travel and Subsistence:		
Private Car Mileage	4,244,214.76	4,427,780.38
Hire of Passenger Cars, Airplanes and Buses	674,220.90	443,049.68
State Car Expense	695,043.39	707,309.14
Motor Pool Vehicle Rental Charges	2,938,117.27	3,637,583.27
Subsistence and Meals - IRS Reportable	1,319,854.91	1,028,619.82
Railroad, Airplane and Bus Fares (Including Pullman)	2,153,199.68	2,235,578.51
Subsistence (Including Lodging)	6,892,117.31	6,572,938.76
Non-Subsistence Items	1,518,162.02	1,264,369.99
Fees-Other Services:		
Recruitment Expenses (Out-of-State Applicants)	368,179.23	339,467.23
Honorariums	805,367.22	635,448.51
Data Processing Services	26,776,104.61	23,681,628.76
Recording Fees, Servicing Fees and Court Costs	136,464.00	112,248.62
Laboratory Fees	1,218,910.46	858,391.43
Tuition for Employees and Students	1,040,781.47	405,559.73
Boarding Home Payments (Care of Wards)	0.00	0.00
Maintenance and Tuition for Rehabilitation Clients	5,978,945.28	4,252,603.87
Other Fees	15,041,316.28	13,151,129.85
Fees-Professional Services:		
Architects and Engineers	10,525,847.04	7,279,271.25
Attorneys and Lawyers	5,254,091.46	4,691,720.65
Physicians and Medical Associations	2,256,681.37	1,610,874.91
Hospitals and Nursing Homes	2,171,515.06	2,006,227.77
Advertising Agencies	457,286.30	221,554.87
Veterinarians	378,127.97	379,575.44
Lecturers, Speakers and Entertainers	1,877,497.18	1,642,049.80
Accountants and Auditors	720,940.13	1,475,730.37
Other Professional Fees	28,111,317.18	23,215,650.39
Public Utility Service (Except Telephone and Telegraph):		
Electricity	25,512,420.88	25,374,031.94
Natural Gas	11,685,038.80	12,961,191.44
Steam	278,310.13	697,894.07
Water	1,677,193.43	1,685,977.98
Sewage Charges	1,039,301.37	898,748.48
Solid Waste Charges	371,818.66	306,507.70
Other Utilities	9,410.70	9,253.27
Other Contractual Services:		
Dues, Memberships and Subscriptions	5,198,788.03	4,636,301.98
Laundry, Dry Cleaning and Towel Service	610,815.39	637,860.93
Ward and Prisoner Incentive Earnings	626,601.55	530,150.31
Recreation and Entertainment	3,036,125.91	2,521,681.92
Rewards, Premiums, Bounties and Employee Awards (Non-Cash)	135,471.37	130,671.86
Surety Bond and Insurance Premiums	8,948,931.07	9,500,264.46
Official Hospitality	202,303.10	177,809.31
Other Contractual Services	9,411,014.87	10,009,165.70
TOTAL CONTRACTUAL SERVICES	309,451,203.24	279,455,679.61
COMMODITIES		
Clothing	1,931,566.10	1,771,612.90
Feed and Forage	1,537,116.42	1,548,275.03
Food for Human Consumption	13,277,694.88	12,823,550.27
Fuel (Other Than for Motor Vehicles)		
Coal and Coke	49.75	54.35
Fuel Oil, Diesel and Kerosene	58,318.70	268,240.19
Liquid Propane Gas and Butane	191,312.88	170,328.78
Other Fuel	352.20	222.26
Maintenance and Construction Materials, Supplies and Parts:		
Materials and Supplies for Buildings	6,848,252.88	6,471,750.45
Highway and Bridge Materials and Supplies	16,096,916.02	16,667,787.95
Computer System Parts Replacement and Repair	291,607.43	197,298.02
Other Equipment Parts, Materials and Supplies	4,331,595.82	3,522,709.06
Motor Vehicle Parts, Supplies and Accessories:		
Gasoline	4,759,573.99	5,296,865.02
Diesel Fuel	1,624,557.39	1,637,310.06
Gasohol	1,443.42	10,906.19
Liquefied Petroleum, Butane, Natural Gas	88,947.15	101,183.34
Aircraft Fuel	251,007.22	274,646.60
Motor Oil	178,210.63	184,419.50
Other Parts, Supplies, and Accessories	3,549,418.72	3,535,072.19
Professional and Scientific Supplies and Materials:		
Drugs and Pharmaceuticals	8,770,055.47	8,002,024.54
Animal Drugs	259,411.60	213,016.78
Other Professional Scientific Supplies and Materials	24,614,105.59	23,189,983.20
Stationery, Office and Data Processing Supplies:		
Stationery and Office Supplies	8,142,858.46	7,563,923.07
Data Processing Supplies	2,373,772.07	2,275,918.81
Telecommunications Termination Equipment	395,394.46	20,366.95
Research Supplies and Materials	1,987,221.06	1,665,346.49
Other Supplies, Materials and Parts:		
Agricultural Supplies(Other Than Feed and Forage)Material and Parts	1,755,972.10	1,710,552.51
Household, Laundry and Kitchen Supplies and Materials	5,950,422.42	5,695,934.15

SCHEDULE "C-II"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES (Continued)		
COMMODITIES (Concluded)		
Other Supplies, Materials and Parts (Concluded)		
Power Plant Supplies	$ 719,736.43	$ 647,863.01
Recreation Supplies and Materials	262,410.18	224,930.94
Small Tools	509,171.27	507,284.82
Motor Vehicle License Tags, Etc. (For Resale)	1,189,770.96	652,331.46
Supplies Used in Manufacturing and Printing (For Resale)	6,193,990.38	6,404,013.51
Commodities Purchased For Resale To Using Departments	2,841,687.28	2,540,020.24
Other Supplies, Materials and Parts	1,111,449.22	930,064.42
TOTAL COMMODITIES	122,095,370.55	116,725,810.06
CAPITAL OUTLAY		
Equip~~ment,~~ Machinery, Furniture and Fixtures:		
Agricultural Equipment and Machinery	921,487.13	627,191.10
Household, Laundry and Kitchen Equipment and Furniture	1,455,646.95	1,484,585.94
Office Furniture, Fixtures and Equipment	3,941,410.95	3,380,933.77
Professional and Scientific Equipment	13,332,088.46	10,784,572.36
Passenger Cars	3,384,997.69	2,667,381.46
Trucks and Other Self-Propelled Equipment	7,523,663.91	6,836,419.47
Road and Highway Machinery and Equipment	899,905.98	842,307.79
Shop and Plant Maintenance Equipment	1,229,966.90	825,990.06
Other Equipment, Machinery, Furniture and Fixtures	1,000,044.57	971,211.78
Livestock	1,193,541.57	1,265,519.19
Books and Library Material	4,600,171.80	4,129,579.16
Reprographic Equipment	969,935.43	476,069.31
Computer Systems Equipment and Software:		
Microcomputer Systems and Support Equipment	5,212,065,75	4,470,865.81
Computer Systems Equipment	7,153,239.42	6,571,554.20
Information Processing Equipment	2,534,474.23	2,024,673.98
Computer Systems, Information Processing/Microcomputer Systems Software	1,751,430.58	1,436,589.19
Buildings and Improvements	25,681 311.61	30,903,078.82
Land and Interest in Land:		
Land and Interest in Land	4,847,697.57	5,797,573.24
Assessments for Improvements	38,890.27	1,439.68
Land Nonstructural Improvements	1,323,717.96	1,646,827.76
Highways and Bridges	288,303,756.21	255,677,319.57
Telecommunications/Data Facilities Equipment (State-Owned):		
Telecommunications Termination Equipment	405,109.24	302,292.78
Telecommunications Switching Equipment	352,821.72	195,621.18
Telecommunications Transmission Equipment	238,959.03	59,749.58
Radio (Portable) Equipment	588,906.98	281,631.20
Radio (Fixed) Equipment	359,568.40	135,806.94
Data Communications Equipment	123,139.94	127,713.68
Equipment Purchases for Non-State Use:		
Equipment Purchases for "AID" Contracts	54,192.23	81,792.07
Equipment Purchases for Rehabilitation Clients	292,701.68	86,948.57
Other Capital Outlay:		
*Other Books and Library Material	83,614.33	---
*Other Fixed and Moveable Property	436,480.33	---
Capital Outlay Items Purchased for Resale to Using Departments	1,934,747.15	1,626,147.57
TOTAL CAPITAL OUTLAY	382,169,685.97	345,709,387.21
GRANTS, CLAIMS AND SHARED REVENUE		
Federal Aid Payments:		
Federal Aid to Counties, Cities, Districts, Public Schools, and Other Local Units	108,398,319.07	94,539,120.00
Federal Aid to Qualified Non-State Organizations	39,607,119.22	42,576,799.16
Federal Aid to Other State Agencies	30,407,243.16	28,556,043.37
State Aid Payments:		
State Aid to Counties, Cities, Districts, Public Schools, and Other Local Units	751,852,051.74	697,183,712.39
Shared Revenue	127,341,441.41	125,310,291.26
School District Employees Retirement Contributions	41,455,730.60	40,682,778.44
Local City-County Sales and Compensating Use Tax	163,696,403.04	135,728,097.31
State Aid to Qualified Non-State Organizations	9,634,499.67	9,069,840.73
State Aid to Other State Agencies	182,975.95	199,797.86
Local City-County Transient Guest Tax Payments	4,007,965.95	3,591,188.95
Claims:		
Death Claims	4,518.96	4,518.96
Personal Injury Claims	101,598.46	17,762.29
Property Damage or Loss Claims	168,643.98	366,127.67
Workmen's Compensation Claims	10,939,032.53	8,852,159.65
Medical Malpractice Claims	11,123,278.36	10,556,703.97
Civil Rights Conciliation Claims	9,000.00	5,559.00
Prompt Payment Act Interest Penalities	362.94	17.48
Other Claims	18,155,492.71	4,543,156.39
Employment Security Benefits	159,285,754.87	137,293,576.59
Retirement Annuities and Payments:		
Public Employees Retirement System Benefits-Legislative Employees	19,235.00	10,420.00
Public Employees Retirement System Benefits-State Employees	24,556,663.06	20,960,936.56
Public Employees Retirement System Benefits-Non State Employees	13,517,337.17	11,764,644.39
Public Employees Retirement System School Retirement Benefits	9,322,476.97	9,407,874.07
Highway Patrol and KBI Retirement Benefits	6,965,887.15	6,202,284.64
Public Employees Retirement System-Police and Firemen Retirement Benefits-State Employees	2,036,132.50	1,725,951.31
Public Employees Retirement System-Police and Firemen Retirement Benefits-Non-State Employees	4,332,857,92	3,456,971.87

* New expenditure classification for fiscal year 1986.

SCHEDULE "C-II"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES (Concluded)		
GRANTS, CLAIMS AND SHARED REVENUE (Concluded)		
Retirement Annuities and Payments (Concluded)		
Public Employees Retirement System-Teacher Retirement Benefits-State Employees	$ 316,394.56	$ 316,215.53
Public Employees Retirement System-Teacher Retirement Benefits-Non-State Employees	41,067,107.37	35,294,959.57
Public Employees Retirement System Judges and Court Reporters Benefits	948,682.71	815,005.32
State Special Grants:		
Direct State Welfare Assistance	202,103,226.48	192,814,678.93
Direct Federal Welfare Assistance	181,641,233.09	169,123,410.01
Hospital Residencies and Internships	1,487,177.90	1,417,542.80
Tuition Grants	4,919,045.00	4,008,403.00
Homestead Property Tax Relief Payments	8,017,424.02	8,488,562.05
Nutrition and Health Grants	9,722,275.51	8,105,437.51
Other State Special Grants	2,000.00	2,000.00
Scholarship Grants:		
Scholarships, Fellowships and Grants to Students (Taxable)	26,395.25	15,901.50
Trainee's Stipends-Sponsored Instructional Grants	1,342,247.44	1,037,373.76
Trainee's Travel Allowances-Sponsored Instructional Grants	16,096.69	10,000.37
Trainee's Enrollment Fees-Sponsored Instructional Grants	373,905.34	314,085.82
Trainee's Room and Board-Sponsored Instructional Grants	49,506.26	35,894.46
Scholarships, Fellowships and Grants to Students (Non-Taxable)	26,242,827.64	23,171,971.71
Off-Campus Work Study	368,470.41	268,863.75
Training, Travel and Subsistence Allowances-Federal:		
Employment Security Benefits	45,030.00	73,103.00
WIN Payments for Client Related Activities	18,480.56	47,696.80
Other Grants, Claims and Shared Revenue:		
Losses from Monetary Transactions	1,551.84	577.32
Agricultural Conservation Program Payments	1,537,407.55	1,394,300.42
Other Grants, Claims and Shared Revenue	15,546,358.47	12,882,735.30
TOTAL GRANTS, CLAIMS AND SHARED REVENUE	2,032,914,866.48	1,852,165,053.43
DEBT SERVICE		
Interest and Service Charges on Institutional or Departmental Debt	4,971,097.71	10,137,380.88
GROSS OPERATING EXPENDITURES	3,810,368,494.08	3,507,106,779.94
NON-OPERATING EXPENDITURES		
DEBT SERVICE		
Repayment of Principal on Institutional or Departmental Debt	9,634,348.00	8,172,015.13
NON-EXPENSE ITEMS		
Investments-Kansas Public Employees Retirement System:		
Securities Purchased by KPERS	13,145,196,858.92	10,795,521,914.76
KPERS Accumulated Depreciation	<519,580.11>	<93,436.66>
Bonds Purchased (Face) by KPERS	3,050,107,368.01	1,389,238,556.16
Premium on Bonds - KPERS	50,773,316.07	<3,730,931.77>
Discount on Bonds - KPERS	8,453,923.73	<3,576,440.00>
Deferred Gain on Bond Swaps - KPERS	0.00	0.00
Deferred Loss on Bond Swaps - KPERS	0.00	0.00
Small Business Administration Loan Purchases by KPERS	0.00	0.00
Mortgage Purchases by KPERS	22,372,553.87	12,018,403.54
Accrued Interest Purchased on KPERS Investments	4,803,943.67	<963,766.17>
KPERS Payables	<54,841,283.76>	<17,426,587.54>
KPERS Deferred Premiums on Written Call and Put Options	0.00	0.00
KPERS Investment Clearing	<16,226,347,100.40>	<12,170,987,712.32>
Total Investments-Kansas Public Employees Retirement System	0.00	0.00
Investments-Other State Agencies:		
Principal and Premiums	112,672,383.68(a)	40,154,987.03
Accrued Interest Purchased	308,349.45	3,645.70
Total Investments-Other State Agencies	112,980,733.13	40,158,632.73
Refunds:		
Reimbursements	220,586,213.87	207,574,749.31
Food Sales Tax Refunds	1,098,503.86	1,312,062.44
Interest Income on Unclaimed Property Refunds	1,184.89	1,731.94
Dividend Income on Unclaimed Property Refunds	6,981.24	2,957.32
Royalty Income on Unclaimed Property Refunds	10,888.64	1,685.73
Return of Non-Taxable Retirement Contributions	11,532,457.44	14,727,402.91
Interest Payments on Retirement Contributions	3,918,517.71	3,531,561.62
Return of School Savings Contributions	2,642.91	3,152.69
Return of Pension Savings to School Annuitants	776,229.19	797,269.11
Return of Taxable Retirement Contributions	4,643,855.70	1,210,309.15
Return of Unexpended Federal Grants to Federal Agencies	267,136.46	376,854.91
Return of Federal Advances for Right-of-Way	457,034.50	0.00
Total Refunds	243,301,646.43	229,539,737.13
Transfers:		
Transfers by Disbursement (Inter/Intra Agency)	83,930,202.19	86,940,963.45
Payroll Consolidating Transfers Out	304,527,405.15	86,181,075.48
Advance Earned Income Credit	904.58	2,107.11
Transfers to Trustee for Defeased Bonds	35,502,283.26	16,204,560.42
Transfers from Payroll Clearing Fund	125,384,843.23	152,940,819.01
Demand Transfers of Revenue	153,308,113.48	144,789,429.04
Total Transfers	702,653,751.89	487,058,954.51

(a) Fiscal year 1986 includes investment activity for Certificates of Participation Funds.

SCHEDULE "C-II"-Concluded

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
NON-OPERATING EXPENDITURES (Concluded)		
NON-EXPENSE ITEMS (Concluded)		
Advances and Other Non-Expense Items:		
Advances	$ <4,061,825.88>	$ <17,606,665.88>
Investment Advances-Kansas Public Employees Retirement System	548,917,112.92	385,001,660.30
Advances for Petty Cash Funds	3,974.26	1,907.18
Advances for Imprest Funds	3,102.00	36,145.00
Advances for Independent Parcel Delivery Service	1,167.07	600.00
*Temporary Imprest Fund Advance for Payroll	1,000.00	---
National Direct Student Loans	6,099,686.00	5,672,156.00
Health Professions Student Loans	656,602.00	541,016.00
Rural Medical Forgiveable Loans	445,147.00	431,149.00
Other Student Loans	0.00	0.00
Kansas Fiscal Agency Disbursements	348,126,994.13	267,214,349.69
Remittance of Retirement Annuity Premiums	29,266,921.18	26,348,421.02
Remittance of Health Insurance Premiums	59,852,791.13	56,238,783.01
Taxes Remitted	491,886,224.26	445,764,373.05
*Payments from Certificates of Participation Acquisition Funds	10,696,893.50	---
Depreciation Expense on KPERS Building Investments	519,580.11	93,436.66
Warrants Issued from Payroll Clearing Fund	186,998,341.20	231,308,057.80
Other Non-Expense Items	23,012,142.43	20,919,818.75
Total Advances and Other Non-Expense Items	1,702,425,853.31	1,421,965,207.58
GROSS NON-OPERATING EXPENDITURES	2,770,996,332.76	2,186,894,547.08
GROSS EXPENDITURES	$6,581,364,826.84	$5,694,001,327.02

* New expenditure classification for fiscal year 1986.

SECTION II

STATE GENERAL FUND

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State General Fund

All revenues coming into the state treasury not specifically authorized by the constitution or by statute to be placed in a separate fund, and not given or paid over to the State Treasurer in trust for a particular purpose shall constitute the State General Fund. All legislative appropriations which do not designate a specific fund from which they are to be paid shall be considered to be proper charges against the State General Fund.

EXHIBIT "A"

STATE GENERAL FUND
Comparative Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 62,137,168.62	$161,613,403.98
Cash in Agencies Imprest Funds	324,960.00	320,960.00
TOTAL RECOGNIZED ASSETS	$ 62,462,128.62	$161,934,363.98
LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 20,894,710.63	$ 24,218,296.08
Accrued KPERS Quarterly Employee Distribution	10,559,191.00(a)	---
TOTAL LIABILITIES	31,453,901.63	24,218,296.08
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	21,563,642.43	16,989,323.14
Unencumbered Balance of Appropriations Reappropriated	21,338,343.19	20,078,568.69
Total Other Obligations	42,901,985.62	37,067,891.83
AVAILABLE BALANCES		
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1986 to June 30, 1987	<1,659,527.63>	
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1985 to June 30, 1986		100,327,216.07
Amount Available for the KPERS Quarterly Employee Distribution Financed from Succeeding Fiscal Year Appropriations	<10,559,191.00>(a)	---
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1986 to June 30, 1987 Net of Accrued Liabilities Financed from Succeeding Fiscal Year Appropriations	<12,218,718.63>	
Agencies' Imprest Funds	324,960.00	320,960.00
Total Available Balances	<11,893,758.63>	100,648,176.07
TOTAL LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES	$ 62,462,128.62	$161,934,363.98

(a) This represents the amount of employers' contributions payable to the Kansas Public Employees Retirement Fund for certain educational-related employees which accrued during the 4th quarter of fiscal year 1986. See Section XIII, note 21.

SCHEDULE "A-I"

STATE GENERAL FUND
Comparison of Resources Available for Appropriations For the Fiscal Years Ending June 30

	1986		1985	
Unecumbered Cash Balances Available for Appropriations at Beginning of Year	$ 100,327,216.07		$ 81,944,351.05	
Add Prior Fiscal Year's Appropriations Reappropriated	20,078,568.69		13,647,731.01	
Add Differences Between Prior Year's Encumbrances and Expenditures Charged to Those Encumbrances	848,040.67		856,815.12	
Adjusted Unecumbered Cash Balance at Beginning of Year		$121,253,825.43		$ 96,448,897.18
Difference Between Current Year Revenue and Current Year Charges				
Current Year Revenue	1,641,428,521.95		1,658,451,274.79	
Current Year Charges:				
Expenditures	1,584,273,058.38		1,487,536,864.53	
Demand Transfers	153,308,113.48		144,789,429.04	
Total Expenditures and Demand Transfers	1,737,581,171.86		1,632,326,293.57	
Less Expenditures Chargeable to Prior Years' Encumbrances	14,668,527.03		13,762,314.13	
Expenditures Chargeable to Current Year's Appropriations	1,722,912,644.83		1,618,563,979.44	
Add Unliquidated Encumbrances Chargeable to Current Year's Appropriations	20,090,886.99		15,930,407.77	
Current Year Charges Against Current Year Appropriations	1,743,003,531.82		1,634,494,387.21	
Excess of Current Year Revenue Over Current Year Expenditures		<101,575,009.87>		23,956,887.58
Unencumbered Cash Balance, June 30		19,678,815.56		120,405,784.76
Less Unencumbered Appropriations:				
Fiscal Year Appropriations	1,598,563,532.80		1,512,586,558.00	
Demand Transfers	153,308,113.48		144,789,429.04	
Reappropriations of Unencumbered Balance of Preceding Fiscal Year's Legislative Appropriations	20,078,568.69		13,647,731.01	
Subtotal	1,771,950,214.97		1,671,023,718.05	
Add Reappropriations and Encumbrances transferred from Fereral Revenue Sharing Fund to State General Fund	327,340.79		---	
Add Adjustments to Preceding Fiscal Year's Reappropriations	930.76		49,410.75	
Total Appropriations and Reappropriations (Adjusted) and Demand Transfers	1,772,278,486.52		1,671,073,128.80	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	848,040.67		856,815.12	
Total	1,773,126,527.19		1,671,929,943.92	
Less Charges Against Current Appropriations	1,743,003,531.82		1,634,494,387.21	
Unencumbered Balance of Appropriations	30,122,995.37		37,435,556.71	
Less Appropriations Lapsed by Legislative Session	8,784,652.18		17,356,988.02	
Unencumbered Balance of Appropriations Reappropriated		21,338,343.19		20,078,568.69
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations		<1,659,527.63>		$100,327,216.07
Less Amount Available for Accrued KPERS Quarterly Employee Distribution Financed from Succeeding Fiscal Year Appropriations		<10,559,191.00>(a)		
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations Net of Accrued Liabilities Financed from Succeeding Fiscal Year Appropriations		$ <12,218,718.63>		

(a) This represents the amount of employers' contributions payable to the Kansas Public Employees Retirement Fund for certain educational-related employees which accrued during the 4th quarter of fiscal year 1986. See Section XIII, note 21.

EXHIBIT "B"

STATE GENERAL FUND
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURES		
Unencumbered Cash Balance at July 1, 1985	$ 120,405,784.76	
Encumbrances Outstanding at July 1, 1985	16,989,323.14	
Subtotal	137,395,107.90	
Revenue Fiscal Year 1986	1,641,428,521.95	
TOTAL AVAILABLE		$1,778,823,629.85
AMOUNTS EXPENDED AND ENCUMBERED		
Expenditures Fiscal Year 1986	1,737,581,171.86	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	21,563,642.43	
Contingent Obligations	0.00	
TOTAL EXPENDED AND ENCUMBERED		1,759,144,814.29
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986		$ 19,678,815.56*

* This amount does not take into consideration $21,338,343.19 of reappropriated balance of appropriations at June 30, 1986. This amount does not include the agencies' imprest funds held in local bank accounts in the amount of $324,960.00.

EXHIBIT "C"

STATE GENERAL FUND
Comparative Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$1,594,509,638.66	$1,604,939,358.78
Agency Earnings	13,160,642.77	13,042,164.31
Revenue From the Use of Money and Property	42,914,243.41	51,291,673.59
Gifts, Donations and Grants	14,890.66	0.00
Other Operating Revenue	18,394,421.49	17,589,364.01
GROSS OPERATING REVENUE	1,668,993,836.99	1,686,862,560.69
OPERATING EXPENDITURES		
Salaries and Wages	520,771,669.39	495,654,461.37
Contractual Services	113,693,136.42	107,127,762.93
Commodities	25,415,610.50	24,585,616.47
Capital Outlay	23,120,973.07	19,675,874.17
Grants, Claims, Shared Revenue and Debt Service	899,998,844.58	839,279,705.09
GROSS OPERATING EXPENDITURES	1,583,000,233.96	1,486,323,420.03
Excess of Operating Revenue Over Operating Expenditures	85,993,603.03	200,539,140.66
NON-OPERATING REVENUE		
Receipts from Conversion of Assets	500.00	0.00
Reimbursements and Refunds	1,499,109.87	2,825,254.88
Transfers	<29,255,138.18>	<31,289,771.72>
Other Non-Operating Receipts	190,213.27	53,230.94
GROSS NON-OPERATING REVENUE	<27,565,315.04>	<28,411,285.90>
NON-OPERATING EXPENDITURES		
Debt Service	0.00	0.00
Advances	2,541.33	635.00
Demand Transfers of Revenue	153,308,113.48	144,789,429.04
Transfers by Disbursements	825,136.09	781,660.50
Other Non-Operating Expenditures	445,147.00	431,149.00
GROSS NON-OPERATING EXPENDITURES	154,580,937.90	146,002,873.54
Excess of Non-Operating Expenditures Over Non-Operating Revenue	182,146,252.94	174,414,159.44
EXCESS OF REVENUE OVER EXPENDITURES		$ 26,124,981.22
EXCESS OF EXPENDITURES OVER REVENUE	$ 96,152,649.91	

SCHEDULE "C-I"

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

OPERATING REVENUE	1986	1985
TAXES		
Property Taxes		
Intangible Tax	$ 0.00	$ 8,648.93
Motor Carrier (Rolling Stock)	8,059,947.31	6,642,890.63
Income and Inheritance Taxes		
Corporation Income Tax Return Payments	49,566,971.66	39,058,052.69
Corporation Estimated Tax Payments	86,251,488.88	102,899,245.63
Individual Income Tax Return Payments	<60,777,669.65>(a)	6,370,473.44
Employer's Withholding Tax Remittances	545,244,254.06	502,384,636.28
Individual Estimated Tax	97,691,314.30	94,699,559.18
Inheritance Tax	32,360,299.93	29,831,970.90
Privilege Tax on Net Income of Certain Financial Institutions	17,105,093.06	13,909,654.27
Domestic Insurance Company Income Tax	320,755.13	217,174.41
Sales, Use, Ownership and Other Excise Taxes		
State Sales Tax	489,591,673.38	478,770,373.74
State Consumer's Compensating Tax	31,523,976.19	29,908,429.67
State Retailer's Compensating Tax	39,602,421.25	38,254,711.36
Cigarette Tax	58,058,951.71	43,634,159.78
Cereal Malt Beverage	4,622,087.44	5,076,458.52
Liquor Enforcement	17,743,451.60	17,009,728.15
Liquor Gallonage Tax	11,247,818.66	11,461,195.59
Liquor Private Club Tax	2,619,372.83	2,205,505.23
Tobacco Products	1,289,344.12	1,244,282.59
Corporation Franchise Tax	8,341,943.64	7,983,019.28
Wheat	121,560.00	137,700.00
Motor Vehicle Dealer's Tax	53,415.50	40,217.50
Severance Tax on Coal	631,681.67	396,914.77
Severance Tax on Salt	80,622.18	79,681.36
Severance Tax on Oil	52,504,767.81	61,835,785.60
Severance Tax on Gas	38,793,376.02	38,977,761.60
Gross Receipts Taxes		
Car Companies and Owners	838,440.68	948,757.74
Insurance Companies		
Insurance Premiums (Foreign)	47,636,805.52	58,292,254.87
Insurance Premiums (State Fire Marshal)	1,948,420.56	2,259,032.50
Insurance Premiums (Domestic)	6,023,837.04	7,645,432.61
Insurance Premiums (Retaliatory)	5,070,561.27	2,401,971.34
Bingo Tax	247,294.58	269,851.26
Transient Guest Tax	86,296.74	73,955.47
Musical and Dramatical Compositions Tax	10,063.59	9,871.89
TOTAL TAXES	1,594,509,[illegible]38.66	1,604,939,358.78
AGENCY EARNINGS		
Services Charges		
Charges for Inspection, Supervision, Examination and Audits		
Bank Commissioner	205,104.25	202,400.00
Board of Barber Examiners	3,611.00	3,459.00
Corporation Commission	403,077.04	379,192.91
State Department of Credit Unions	78,886.95	65,799.43
Department of Health and Environment	1,472,994.57	1,474,951.53
Highway Patrol	271,957.25	929,718.75
Department of Human Resources	40,799.92	35,480.03
Consumer Credit Commissioner	3,322.40	6,491.60
Department of Revenue	149,589.84	139,900.42
Savings and Loan Department	53,414.08	49,596.07
Secretary of State	3,888.00	4,948.95
Charges for Technical and Skilled Services Other Than Inspectional		
Department of Administration	3,274.20	3,105.45
Grain Inspection Department	187,232.80	188,120.83
Department of Health and Environment	390,761.83	361,201.69
Department of Economic Development	196.80	0.00
Department of Social and Rehabilitation Services	0.00	539.82
Charges for Services in Connection with Corporate, Insurance and Other Organizations		
Corporation Commission	1,592.00	1,093.00
Insurance Department	220,931.38	226,274.33
Secretary of State	751,185.05	752,681.82
Office of the Securities Commissioner	5,558.30	4,377.00
Charges for Clerical Services, Issuance of Certificates and Copies in Agency Offices		
Board of Agriculture	930.05	849.25
Attorney General	363.65	614.35
Bank Commissioner	1,060.50	615.00
Department of Administration	1,857.89	683.45
Fire Marshal	7,013.69	6,462.81
Department of Health and Environment	1,165,119.49	1,179,576.30
Department of Transportation	1,865.51	588.28
State Historical Society	805.00	1,074.00
Department of Human Resources	287.75	194.50
Insurance Department	26,791.50	26,231.00
Legislature	26,699.65	26,230.30
Board of Nursing	4,603.10	6,243.10
Board of Pharmacy	188.60	403.05
Board of Tax Appeals	22,901.84	0.00
Department of Revenue	93,891.14	86,905.95
Savings and Loan Department	270.50	110.00

(a) During fiscal year 1986 refunds were made through Individual Income Tax Return Payments. In prior fiscal years refunds were made through Individual Income Tax Return Payments, Employer's Withholding Tax Remittances and Individual Estimated Tax.

SCHEDULE "C-I"-Continued

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE (Continued)		
AGENCY EARNINGS (Continued)		
Service Charges (Concluded)		
Secretary of State	$ 533,967.77	$ 326,112.04
State Treasurer	265,063.45	247,477.12
Judicial Branch	0.00	10.00
Charges for Education and Libraries		
Department of Social and Rehabilitation Services	0.00	288.00
Bond Registration Fees and Commissions		
State Treasurer	433,596.90	355,413.82
Other Miscellaneous Service Charges		
Commission on Civil Rights	60.80	541.91
Behavioral Sciences Regulatory Board	5,654.00	4,302.00
Department of Administration	10,156.62	4,877.64
Department of Health and Environment	88,544.20	55,492.06
Historical Society	4,512.74	3,821.24
State Penitentiary	0.00	0.00
Board of Pharmacy	1,604.00	0.00
Department of Social and Rehabilitation Services	13,397.31	5,002.91
Judicial Branch	42,472.50	44,180.00
Total Service Charges	7,001,057.81	7,235,632.71
Licenses, Permits and Registrations		
Occupational Permits, Registrations and Licenses (Business)		
Board of Abstracters' Examiners	3,170.00	3,335.00
Board of Accountancy	34,595.10	31,892.30
Attorney General - K.B.I.	17,985.50	13,950.00
Board of Barber Examiners	14,626.00	14,305.90
Behavioral Sciences Regulatory Board	30,386.60	12,907.20
State Board of Healing Arts	131,422.60	100,317.40
Board of Cosmetology	50,335.57	54,777.23
Dental Board	23,537.80	24,080.70
Board of Mortuary Arts	22,843.20	24,013.50
Department of Health and Environment	51,298.75	29,384.50
Board of Hearing Aid Dispensors Examiners	1,244.90	1,241.00
Insurance Department	128,940.00	124,910.00
Board of Nursing	96,608.35	106,115.40
Board of Optometry Examiners	6,238.20	6,085.10
Board of Pharmacy	32,405.00	33,690.60
Real Estate Commission	124,138.75	71,831.22
Secretary of State	15,600.00	14,905.00
Department of Social and Rehabilitation Services	18,665.81	9,096.46
Board of Technical Professions	49,885.00	47,124.90
Judicial Branch	9,505.00	8,485.00
Kansas University Medical Center	0.00	535.50
Board of Veterinary Examiners	14,286.00	17,449.00
To Engage in Business		
Corporation Commission	7,420.00	190.00
Board of Cosmetology	15,207.15	14,065.20
Grain Inspection Department	12,767.20	11,879.17
Department of Health and Environment	776,719.51	897,716.5[illegible]
Kansas Highway Patrol	14,635.50	14,861.50
Insurance Department	1,392,944.50	1,363,370.00
Consumer Credit Commission	79,437.90	75,803.4[illegible]
Board of Pharmacy	28,421.00	33,617.6[illegible]
Department of Revenue	905,862.64	824,394.7[illegible]
Savings and Loan Department	220.00	53.00
Secretary of State	15,630.00	18,580.00
Office of the Securities Commissioner	194,441.70	179,050.5[illegible]
Kansas Water Office	200.00	400.00
Bingo License Application and Registration Fees		
Department of Revenue	21,425.00	16,075.00
Other Occupational Licenses, Permits, and Registrations		
Corporation Commission	17,980.00	21,905.00
Department of Health and Environment	0.00	7.50
Highway Patrol	19,209.50	18,964.[illegible]
Other Non-Occupational Licenses, Permits and Registrations		
Department of Revenue	8,473.00	12,769.4[illegible]
Total Licenses, Permits and Registrations	4,388,712.73	4,276,925.7[illegible]
Sale of Commodities		
Manufactured Products		
Department of Revenue	14,710.70	97,439.[illegible]
Department of Social and Rehabilitation Services	0.00	84.[illegible]
State Printed Matter and Publications		
Attorney General	1,995.00	1,603.[illegible]
Insurance Department	293.25	3,699.[illegible]
Legislature	522.77	974.2[illegible]
Department of Revenue	145.50	162.[illegible]
Savings and Loan Department	26.32	45.[illegible]
Secretary of State	516,114.09	490,166.[illegible]
Judicial Branch	5,934.53	6,250.[illegible]
Salvage, Scrap, Obsolete and Condemned Materials		
Department of Administration	5.00	425.[illegible]
Insurance Department	3.50	0.[illegible]

SCHEDULE "C-I"-Concluded

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	[illegible]	[illegible]
OPERATING REVENUE (Concluded)		
AGENCY EARNINGS (Concluded)		
Sale of Commodities (Concluded)		
Usable Condemned Equipment		
Adjutant General	$ 0.00	$ [illegible]
Department on Aging	0.00	[illegible]
Board of Agriculture	0.00	[illegible]
Sale of Meals and Processed Foods		
Department of Corrections	[illegible]	0.00
Other Sundry Articles and Commodities		
Fire Marshal	0.00	[illegible]
State Historical Society	[illegible]	[illegible]
Kansas Water Office	[illegible]	[illegible]
Total Sale of Commodities	[illegible]	[illegible]
Grain Marketing Assessments		
Corn Marketing Assessment		
Board of Agriculture	[illegible]	[illegible]
Grain Sorghum Marketing Assessment		
Board of Agriculture	[illegible]	[illegible]
Soybean Marketing Assessment		
Board of Agriculture	[illegible]	[illegible]
Total Grain Marketing Assessments	[illegible]	[illegible]
TOTAL AGENCY EARNINGS	[illegible]	[illegible]
REVENUE FROM THE USE OF MONEY AND PROPERTY		
Investment Income		
Interest on State Treasury Deposits	[illegible]	[illegible]
Interest on State Treasury Investments	[illegible]	[illegible]
Interest on State Agency Investments	[illegible]	[illegible]
Interest on Imprest Fund Accounts	[illegible]	[illegible]
Other Interest, Dividends, Premiums and Discounts	[illegible]	[illegible]
Rents and Royalties		
Halls and Rooms in State Buildings	[illegible]	[illegible]
Oil, Gas, Mineral and Sand Royalties	[illegible]	[illegible]
Other Rents and Royalties	[illegible]	[illegible]
TOTAL REVENUE FROM THE USE OF MONEY AND PROPERTY	[illegible]	[illegible]
GIFTS, DONATIONS AND GRANTS		
Federal Grants	[illegible]	0.00
TOTAL GIFTS, DONATIONS AND GRANTS	[illegible]	0.00
OTHER OPERATING REVENUE		
Workers Compensation Division Assessments	[illegible]	[illegible]
District Court Clerks Fees	[illegible]	[illegible]
Fines, Penalties and Forfeitures - District Courts	[illegible]	[illegible]
Investment Income on District Court Accounts	[illegible]	[illegible]
Other Fines, Penalties and Forfeitures	[illegible]	[illegible]
Unclaimed Property Receipts	[illegible]	[illegible]
Other Miscellaneous Revenue	[illegible]	[illegible]
TOTAL OTHER OPERATING REVENUE	[illegible]	[illegible]
GROSS OPERATING REVENUE	[illegible]	[illegible]
NON-OPERATING REVENUE		
BORROWINGS	0.00	0.00
RECEIPTS FROM CONVERSION OF ASSETS		
Other Asset Conversions	[illegible]	0.00
TOTAL RECEIPTS FROM CONVERSION OF ASSETS	[illegible]	0.00
REIMBURSEMENTS AND REFUNDS		
Recovery of Current Fiscal Year Expenditures	[illegible]	[illegible]
Refunds of Advances for Imprest Funds	0.00	[illegible]
Other Refund of Advances	[illegible]	[illegible]
Reimbursements and Refunds from Other State Agencies	0.00	[illegible]
Other Reimbursements and Refunds	[illegible]	[illegible]
TOTAL REIMBURSEMENTS AND REFUNDS	[illegible]	[illegible]
TRANSFERS OF REVENUE FROM OTHER FUNDS (See Schedule "C-III" for Details)	[illegible]	[illegible]
OTHER NON-REVENUE RECEIPTS		
Recovery of Prior Fiscal Year Expenditures	[illegible]	[illegible]
Other Non-Revenue Receipts	[illegible]	[illegible]
TOTAL OTHER NON-REVENUE RECEIPTS	[illegible]	[illegible]
GROSS NON-OPERATING REVENUE	[illegible]	[illegible]
GROSS REVENUE	$ [illegible]	$ [illegible]

SCHEDULE "C-II"

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES		
SALARIES AND WAGES		
Classified Employees	$ 230,071,885.21	$ 216,500,178.92
Unclassified Employees	201,438,103.27	192,916,244.18
Student Employees	15,045,929.41	14,096,745.23
Patient Employees	26,001.91	19,978.76
Special Payments:		
Foster Grandparents and Senior Companions Pay	0.00	0.00
Kansas National Guard Service Pay	9,994.00	11,479.20
Legislators' Compensation	1,082,456.31	914,813.92
Legislative Allowances	886,738.90	589,526.46
Pensions and Retirement Salaries and Wages:		
Classified Pensions and Retirement Salaries and Wages	1,433.84	1,915.70
Unclassified Pensions and Retirement Salaries and Wages	19,128.77	27,988.18
Other Employee Compensation:		
Work Improvement Suggestion Awards	0.00	447.00
Salary Advances	169.31	<347.72>
State Pension Fund Contributions:		
Public Employees Retirement System Contributions	9,530,518.35	9,428,893.67
Teachers Retirement Contributions KPERS	23,788.55	26,765.10
Educational Institutions Employees Retirement System Contributions	7,109,475.88	5,662,829.15
Educational Institutions Public Employees-Retirement System Contributions (Prior Service Credits)	709,752.85	777,170.57
Educational Institutions TIAA-CREF Employees Group Life and Disability Insurance Contributions	768,855.16	733,038.24
Judges Retirement Fund Contributions	711,952.98	809,163.38
Correctional Officers Retirement Contributions	1,196,287.79	1,563,221.86
Police and Firemen's Retirement System Contributions - Highway Patrol	1,611,740.56	1,820,985.67
Police and Firemen's Retirement System Contributions - KBI	238,775.09	281,822.19
Other Employer Payroll Contributions:		
Federal OASDHI Contributions	28,864,503.31	26,888,878.01
Group Health and Hospitalization Insurance	17,393,477.21	18,773,459.06
State Workers' Compensation Contributions	3,148,334.60	1,685,843.55
State Unemployment Compensation Tax	882,366.13	2,123,421.09
TOTAL SALARIES AND WAGES	520,771,669.39	495,654,461.37
CONTRACTUAL SERVICES		
Communications:		
Postage	2,378,607.26	2,269,635.61
Telephone Service, Local Exchange Only, Paid Directly to a Vendor	1,947,073.58	1,813,949.42
Telephone, Long Distance (Non-KANS-A-N) and Telegram, Paid to a Vendor	78,159.10	64,948.62
Private Line Voice/Data Transmission/Communication Equipment and Services (Commercial Vendors)	425,319.84	414,068.10
Intergovernmental Voice/Data Service, Local, Paid to a State Agency	1,800,933.10	1,809,439.11
Intergovernmental Postage Payments	1,570,938.55	1,382,173.95
Intergovernmental Telephone and Telegraph, Commercial Long Distance - State	191,142.32	50,162.27
Intergovernmental Telephone and Telegraph, (KANS-A-N), State	3,549,941.21	3,164,739.25
Other Communications	102,094.40	131,583.27
Freight and Express:		
Freight	36,435.43	37,681.02
Moving of Agency Offices	22,375.73	28,224.19
Employees' Personal Effects, In-State	41,500.28	24,454.85
Employees' Personal Effects, Out-of-State	12,358.85	22,602.61
Package Delivery Services	201,897.63	186,644.88
Other Freight and Express	7,501.10	3,625.10
Printing, Duplicating and Advertising:		
Printing and Binding (Payments to State Facilities Only)	3,170,126.11	2,637,930.11
Duplicating, Blue-Printing and Reproducing	1,086,594.97	920,891.31
Advertising (Classified and Legal)	313,551.78	207,669.74
Other Vendor Printing and Binding	216,613.76	242,719.50
Rental of Property and Equipment:		
Rent of Reprographic Equipment	926,169.52	845,006.37
Rent of Space in Buildings	2,657,900.35	2,795,546.23
Rent of Equipment	280,228.14	291,934.69
Rent of Land	121,428.66	117,976.19
Rent of Computer System Equipment	57,740.17	104,021.62
Rental of Information Processing Equipment	323,038.93	654,936.70
Rental of Computer or Information Processing Software	38,938.76	33,948.58
Intergovernmental Rent of Space in Buildings	4,998,414.87	4,714,625.38
Other Rent	133,863.68	121,548.50
Repairing and Servicing:		
Passenger Cars	302,253.30	279,360.05
Other Self-Propelled Equipment	154,028.83	182,078.81
Machinery and Equipment (Except Self-Propelled) and Furniture and Fixtures	1,527,423.21	1,517,074.61
Buildings and Grounds	4,396,388.82	2,879,561.43
Computer Systems Equipment	200,949.62	94,051.20
Information Processing, Microcomputer Systems and Data Communications Equipment	664,223.22	547,341.27
Computer Systems and Information Processing Equipment Software	45,386.11	37,408.40
Repairing and Servicing Not Otherwise Classified	104,246.70	197,399.07

SCHEDULE "C-II"-Continued

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES (Continued)		
CONTRACTUAL SERVICES (Concluded)		
Travel and Subsistence:		
Private Car Mileage	$ 1,724,582.68	$ 1,754,597.76
Hire of Passenger Cars, Airplanes and Buses	435,772.36	221,934.14
State Car Expense	236,402.10	224,094.95
Motor Pool Vehicle Rental Charges	1,319,782.74	1,616,454.25
Subsistence and Meals - IRS Reportable	1,316,681.81	1,026,609.80
Railroad, Airplane and Bus Fares (Including Pullman)	639,232.87	612,896.35
Subsistence (Including Lodging)	2,323,382.75	2,165,055.07
Nonsubsistence Items	526,943.83	459,128.86
Fees-Other Services:		
Recruitment Expenses (Out-of-State Applicants)	236,386.94	213,512.95
Honorariums	130,880.58	110,292.95
Data Processing Services	13,951,894.71	13,729,724.05
Recording Fees, Servicing Fees and Court Costs	17,331.15	13,210.67
Laboratory Fees	204,527.43	185,122.11
Tuition for Employees and Students	114,015.15	91,010.05
Maintenance and Tuition for Rehabilitation Clients	1,151,457.62	772,926.15
Other Fees	5,143,155.10	5,235,734.47
Fees-Professional Services:		
Architects and Engineers	1,310,761.98	856,001.99
Attorneys and Lawyers	2,078,040.11	2,177,469.48
Physicians and Medical Associations	1,398,280.33	737,185.64
Hospitals and Nursing Homes	1,382,602.37	1,051,653.67
Advertising Agencies	411,659.91	204,682.23
Veterinarians	59,094.60	70,652.42
Lecturers, Speakers and Entertainers	87,382.52	80,275.43
Accountants and Auditors	317,691.09	447,837.48
Other Professional Fees	6,776,126.89	5,489,123.13
Public Utility Service (Except Telephone and Telegraph):		
Electricity	16,718,168.26	17,149,269.64
Natural Gas	8,399,379.32	9,402,065.85
Steam	178,036.20	412,246.53
Water	1,020,011.34	1,030,366.85
Sewage Charges	697,139.58	590,200.43
Solid Waste Charges	245,552.09	172,934.82
Other Utilities	642.52	619.70
Other Contractual Services:		
Dues, Memberships and Subscriptions	3,327,050.00	2,595,982.74
Laundry, Dry Cleaning and Towel Service	132,570.64	153,405.36
Ward and Prisoner Incentive Earnings	554,495.35	481,125.55
Recreation and Entertainment	16,201.27	16,320.43
Rewards, Premiums, Bounties and Employee Awards (Non-Cash)	3,634.83	20,833.19
Surety Bond and Insurance Premiums	1,215,275.44	1,379,708.17
Official Hospitality	173,178.59	152,035.20
Other Contractual Services	3,631,933.48	3,196,300.10
TOTAL CONTRACTUAL SERVICES	113,693,136.42	107,127,762.93
COMMODITIES		
Clothing	1,325,134.27	1,030,431.04
Feed and Forage	303,105.76	161,551.93
Food for Human Consumption	6,411,065.18	6,132,088.83
Fuel (Other than for Motor Vehicle):		
Coal and Coke	4.75	0.00
Fuel, Oil, Diesel and Kerosene	33,738.56	205,186.94
Liquid Propane Gas and Butane	69,706.90	38,215.65
Other Fuel	298.60	16.50
Maintenance and Construction Materials, Supplies and Parts:		
Materials and Supplies for Buildings	2,481,728.37	2,764,567.31
Highway and Bridge Materials and Supplies	30,165.99	0.00
Computer System Parts Replacement and Repair	53,174.86	34,427.43
Other Equipment Parts, Material and Supplies	1,237,657.06	1,396,996.90
Motor Vehicle Parts, Supplies and Accessories:		
Gasoline	973,184.11	1,066,410.45
Diesel Fuel	21,292.36	19,578.36
Gasohol	801.26	5,169.84
Liquefied Petroleum, Butane, Natural Gas	797.73	263.36
Aircraft Fuel	149,357.76	154,015.25
Motor Oil	32,731.87	33,087.52
Other Parts, Supplies and Accessories	393,362.34	400,993.76
Professional and Scientific Supplies and Materials:		
Drugs and Pharmaceuticals	1,239,996.86	1,144,649.46
Animal Drugs	59,120.42	35,009.90
Other Professional Scientific Supplies and Materials	2,961,531.83	2,635,820.10
Stationery, Office and Data Processing Supplies:		
Stationery and Office Supplies	3,404,792.06	3,091,328.27
Data Processing Supplies	676,782.31	550,284.40
Telecommunications Termination Equipment	99,889.82	13,698.65
Research Supplies and Materials	29,289.09	36,002.48

SCHEDULE "C-II"-Continued

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES (Continued)		
COMMODITIES (Concluded)		
Other Supplies, Materials and Parts:		
Agricultural Supplies (Other than Feed and Forage), Materials and Parts	$ 312,594.22	$ 343,326.86
Household, Laundry and Kitchen Supplies and Materials	2,246,083.31	2,419,343.60
Power Plant Supplies	280,777.96	293,605.99
Recreation Supplies and Materials	176,915.07	145,002.86
Small Tools	164,395.16	194,456.03
Commodities Purchased for Resale to Using Departments	<17,063.00>(a)	18,074.59
Other Supplies, Materials and Parts	263,257.14	222,012.21
TOTAL COMMODITIES	25,415,610.50	24,585,616.47
CAPITAL OUTLAY		
Equipment, Machinery, Furniture and Fixtures:		
Agricultural Equipment and Machinery	172,085.92	122,410.60
Household, Laundry and Kitchen Equipment and Furniture	474,567.51	645,585.15
Office Furniture, Fixtures and Equipment	1,475,884.67	1,281,488.29
Professional and Scientific Equipment	3,039,052.45	2,580,206.90
Passenger Cars	1,696,878.78	1,709,272.60
Trucks and Other Self-Propelled Equipment	358,340.09	214,322.55
Road and Highway Machinery and Equipment	0.00	0.00
Shop and Plant Maintenance Equipment	304,401.29	268,339.45
Other Equipment, Machinery, Furniture and Fixtures	270,892.79	278,345.64
Livestock	115,555.36	51,109.65
Books and Library Materials	1,998,112.42	1,701,689.03
Reprographic Equipment	226,035.41	82,327.51
Computer Systems Equipment and Software:		
Microcomputer Systems and Support Equipment	1,582,906.82	1,251,157.49
Computer Systems Equipment	1,206,048.32	1,211,094.48
Information Processing Equipment	764,630.57	558,080.13
Information Processing or Microcomputer Systems Software	401,557.27	245,689.07
Buildings and Improvements	8,025,479.65	6,382,688.38
Land and Interest in Land:		
Land and Interest in Land	0.00	0.00
Assessments for Improvements	16,658.75	990.68
Land Nonstructural Improvements	375,607.42	749,782.10
Telecommunications/Data Facilities Equipment (State-Owned):		
Telecommunications Termination Equipment	105,818.80	66,720.64
Telecommunications Switching Equipment	113,785.25	40,543.81
Telecommunications Transmission Equipment	37,347.49	49,819.28
Radio (Portable) Equipment	130,911.47	105,567.61
Radio (Fixed) Equipment	33,620.95	36,331.71
Data Communications Equipment	10,457.55	19,340.25
Equipment Purchases for Non-State Use:		
Equipment Purchases for Rehabilitation Clients	80,929.60	22,971.17
Other Capital Outlay:		
*Other Books and Library Material	18,361.65	0.00
*Other Fixed and Moveable Property	85,044.82	0.00
TOTAL CAPITAL OUTLAY	23,120,973.07	19,675,874.17
GRANTS, CLAIMS AND SHARED REVENUE		
State Aid Payments:		
State Aid to Counties, Cities, Districts, Public Schools and Other Local Units	640,177,488.85	592,952,887.83
School District Employees Retirement Contributions	41,455,730.60	40,682,778.44
State Aid to Qualified Non-State Organizations	8,490,092.61	7,488,488.15
State Aid to Other State Agencies	113,059.45	182,421.20
Claims:		
Death Claims	4,518.96	4,518.96
Personal Injury Claims	96,932.15	9,326.01
Property Damage or Loss Claims	9,547.88	16,142.50
Civil Rights Conciliation Claims	8,246.25	5,559.00
*Prompt Payment Act Interest Penalties Other Claims	73.70	0.00
Other Claims	657,474.39	257,445.30
Retirement Annuities and Payments:		
KPERS School Retirement Benefits	0.00	404,900.00
State Special Grants:		
Direct State Welfare Assistance	190,932,840.05	180,123,684.06
Hospital Residencies and Internships	1,487,177.90	522,915.43
Tuition Grants	3,622,804.00	3,233,551.00
Homestead Property Tax Relief	8,017,424.02	7,488,562.05
Other State Special Grants	2,000.00	2,000.00
Scholarship Grants:		
Scholarships, Fellowships and Grants to Students (Taxable)	6,850.00	1,435.50
Scholarships, Fellowships and Grants to Students (Non-Taxable)	3,009,299.50	4,225,175.52
Off-Campus Work Study	368,470.41	268,863.75
Other Grants, Claims and Shared Revenue:		
Losses From Monetary Transactions	406.31	196.50
Agricultural Conservation Program Payments	1,537,407.55	1,394,300.42
Other Grants, Claims and Shared Revenue	1,000.00	14,551.98
TOTAL GRANTS, CLAIMS AND SHARED REVENUE	$ 899,998,844.58	$ 839,279,705.09

(a) This credit is primarily due to an excess of billings to using departments over purchases, causing reduced resalable commodities inventory levels.

* New expenditure classification for fiscal year 1986.

SCHEDULE "C-II"-Concluded

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING EXPENDITURES (Concluded)		
DEBT SERVICE		
Interest and Service Charges on Institutional or Department Debt	$ 0.00	$ 0.00
GROSS OPERATING EXPENDITURES	1,583,000,233.96	1,486,323,420.03
NON-OPERATING EXPENDITURES		
DEBT SERVICE		
Institutional or Departmental Debt Payments	0.00	0.00
NON-EXPENSE ITEMS		
Demand Transfers of Revenue (See Schedule "C-III" for Details)	153,308,113.48	144,789,429.04
Advances:		
Advances	0.00	150.00
Advances for Petty Cash Funds	924.26	485.00
Advances for Imprest Funds	0.00	0.00
Advances for Independent Parcel Delivery Service	617.07	0.00
*Temporary Imprest Fund Advance for Payroll	1,000.00	0.00
Total Advances	2,541.33	635.00
Transfers by Disbursement (See Schedule "C-III" for Details)	825,136.09	781,660.50
Student Loans:		
Rural Medical Forgiveable Loans	445,147.00	431,149.00
TOTAL NON-EXPENSE ITEMS	154,580,937.90	146,002,873.54
GROSS NON-OPERATING EXPENDITURES	154,580,937.90	146,002,873.54
GROSS EXPENDITURES	$1,737,581,171.86	$1,632,326,293.57

* New expenditure classification for fiscal year 1986.

SCHEDULE "C-III"

STATE GENERAL FUND
Analysis of Transfers
July 1, 1985 to June 30, 1986

REVENUE TRANSFERS TO STATE GENERAL FUND FROM:		
Adjutant General -		
State Emergency Preparedness - Matching of Federal Grant Payments Fund	$ 155.42	
Section 408 - Disaster Relief Act of 1974 - Payments to Individuals and Families - Federal Fund	.41	
Correctional-Vocational Training Center -		
Comprehensive Employment Act - Expenses for Inmate Employment Interviews - Federal Fund	114.06	
Department of Administration -		
Construction Defects Recovery Fund	83,061.45	
Cancelled Warrants Payment Fund	266,998.24	
Motor Pool Service Fund	1,293,800.00	
Motor Pool Service Depreciation Reserve Fund	1,250,000.00	
State Buildings Operating Fund	1,567,110.00	
Self Insurance Reserve Fund	3,500,000.00	
State Workmen's Compensation Self-Insurance Fund	550,000.00	
Series E Savings Bond Clearing Fund	5.25	
Department of Health and Environment -		
Crippled Children's Commission Fund	4,783.10	
Power Generating Facility Fee Fund	18,050.00	
Food Service Inspection Reimbursement Fund	89,356.80	
Debt Service Reserve Fund	18,646.79	
Department of Transportation -		
State Highway Fund	131,788.00	
Highway Patrol -		
State Highway Patrol Fund	5,774.65	
Historical Society -		
Archeology Fee Fund	16,000.00	
Board of State Fair Managers -		
State Fair Special Cash Fund	100,000.00	
Department of Revenue -		
Escheat Proceeds Suspense Fund	3,467.26	
Secretary of State -		
Land Survey Fee Fund	15,000.00	
Uniform Commercial Code Fee Fund	527,500.00	
Office of the Securities Commissioner of Kansas -		
Securities Act Fee Fund	257,162.66	
State Treasurer -		
Unclaimed Properties Suspense Fund	200.00	
University of Kansas - Kansas City Campus -		
Basic Science Facility - Federal Fund	1,186.4	
Federal Revenue Sharing Fund	542,123.08	
(Effective July 1, 1985 the Federal Revenue Sharing Fund was abolished and all moneys in that fund were transferred to the State General Fund, per Senate Bill 10, 1985 Session.)		
		$ 10,242,305.59
Less: Transfers from State General Fund to:		
Attorney General -		
Tort Claims Fund	380,388.53	
Corporation Commission -		
Energy Grants Management - Petroleum Violation Escrow - Federal Funds	414,603.14	
Department of Administration -		
Property Contingency Fund	107,103.43	
1985 Certificates of Participation Clearing Fund	47,470.89	
1985 Certificates of Participation Lease Payment Fund	16,795.12	
Fish and Game Commission -		
Cheyenne Bottoms Project Fund	50,000.00	
Fort Hays State University -		
Housing System Suspense Fund	5,036.41	
Health Professions Student Assistance Program Fund	1,576.30	
National Direct Student Loan Fund	11,279.67	
Department of Health and Environment -		
Hazardous Waste Clean-up Fund	50,000.00	
Special Bequest Fund	40,004.55	
Department of Transportation -		
State Highway Fund	16,054,289.97	
State Freeway Fund	6,415,296.01	
Special City and County Highway Fund	7,441,498.94	
Insurance Department -		
Workers' Compensation Fund	4,000,000.00	
Kansas State University -		
Student Coliseum Bond Fee Fund	160,191.57	
Housing System Suspense Fund	147,393.03	
Pledged Advance Housing Collections Suspense Fund	77.37	
National Direct Student Loan Fund	25,646.74	
Kansas State University - Veterinary Medical Center		
Health Professions Student Loan Fund	5,116.69	
Board of State Fair Managers -		
State Fair Special Cash Fund	100,000.00	

SCHEDULE "C-III" - Concluded

STATE GENERAL FUND
Analysis of Transfers
July 1, 1985 to June 30, 1986

Less: Transfers from State General Fund to: (Continued)		
Emporia State University -		
Housing System Suspense Fund	20,718.32	
National Direct Student Loan Fund	36,374.36	
Pittsburg State University -		
Housing System Suspense Fund	61,156.58	
Nursing Student Loan Fund	1,244.55	
National Direct Student Loan Fund	12,558.20	
Board of Regents -		
National Direct Student Loan Audit Dispute Fund	99,164.00	
State Treasurer -		
Local Alcoholic Liquor Equalization Fund	259,059.90	
University of Kansas -		
Housing System Operations Fund	41,903.27	
Housing System Suspense Fund	294,652.35	
National Direct Student Loan Fund	43,797.64	
Health Professions Student Loan Fund - Lawrence Campus	6,519.46	
University of Kansas - Kansas City Campus		
National Direct Student Loan Fund	9,247.96	
Health Professions Student Loan Fund - Medical Students	15,298.71	
Health Professions Student Loan Fund - Nursing Students	4,380.60	
Kansas Water Office -		
State Conservation Storage Water Supply Fund	3,054,941.25	
Wichita State University -		
Housing System Suspense Fund	160.37	
National Direct Student Loan Fund	59,546.82	
Health Professions Student Assistance Program - Loans Fund	2,297.07	
		$ 39,497,443.77
STATE GENERAL FUND TRANSFERS (SCHEDULE "C-I")		$ <29,255,138.18>
DEMAND TRANSFERS OF REVENUE - FROM STATE GENERAL FUND TO:		
State Treasurer - Local Ad Valorem Tax Reduction Fund	$ 24,555,485.49	
Department of Revenue - School District Income Tax Fund	108,472,312.02	
State Treasurer - County and City Revenue Sharing Fund	18,647,822.86	
Department of Revenue - Solar Energy Property Tax Refund Fund	10,483.04	
Department of Revenue - County Inheritance Tax Fund	1,622,010.07	
DEMAND TRANSFERS OF REVENUE (Schedule "C-II")		$ 153,308,113.48
EXPENDITURE TRANSFERS FROM STATE GENERAL FUND TO:		
Kansas Public Employees Retirement System -		
Kansas Public Employees Retirement Fund	10,420.00 (d)	
Kansas State University -		
Restricted Fees Fund	25,000.00 (b)	
Research Projects Grant Fund	145,367.00 (c)	
Pittsburg State University -		
Research Projects Grants Fund	47,498.29 (c)	
University of Kansas -		
Restricted Fees Fund	264,845.00 (a)	
Restricted Fees Fund	50,000.00 (b)	
Research Projects Grants Fund	189,218.00 (c)	
Wichita State University -		
Restricted Fees Fund	25,000.00 (b)	
Research Projects Grants Fund	67,787.80 (c)	
STATE GENERAL FUND EXPENDITURE TRANSFERS (Schedule "C-II")		$ 825,136.09

(a) Represents the transfer of funds to the University Press of the University of Kansas as provided by Section 7(e), Senate Bill 166, Session Laws of 1985.

(b) Represents the transfer from the Board of Regents Distinguished Professors appropriation account to these institutions as provided by Section 47(a), House Bill 2619, Session Laws of 1985.

(c) Represents the transfer from the Department of Economic Development Advanced Technology Commission appropriation account to these institutions as provided by Section 30(a), House Bill 2619, Session Laws of 1985.

(d) Represents the transfer from Legislature to the Kansas Public Employees Retirement Fund for benefits payable to certain employees of legislative agencies during fiscal year 1985, as provided by K.S.A. 1984 Supp. 46-1302.

GREAT SEAL OF THE STATE OF KANSAS
JANUARY 29 1861

SECTION III

FEDERAL REVENUE SHARING FUND

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Federal Revenue Sharing Fund

The Federal Revenue Sharing Fund was created during the 1973 Legislature by enactment of K. S. A. 1973 Supp. 75-4257 et seq. to receive payments made to the State of Kansas under Title I of the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512; 31 U. S. C. A. 1221). Moneys in the fund, not immediately required for the purpose for which received, are invested in time deposit, open accounts or certificates of deposit in commercial banks or trust companies or in United States Treasury bills or notes. Expenditures of the proceeds of the fund are authorized by appropriations made by the Legislature.

EXHIBIT "A"

FEDERAL REVENUE SHARING FUND
Comparative Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 0.00	$ 606,392.67
TOTAL RECOGNIZED ASSETS	$ 0.00	$ 606,392.67
LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 0.00	$ 64,269.59
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	0.00	293,919.81
Unencumbered Balance of Appropriations Reappropriated	0.00	33,420.98
Total Other Obligations	0.00	327,340.79
AVAILABLE BALANCES		
Unencumbered Cash Balance Available to Finance Appropriations--July 1, 1986, to June 30, 1987	0.00	
Unencumbered Cash Balance Available to Finance Appropriations--July 1, 1985, to June 30, 1986		214,782.29
TOTAL LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES	$ 0.00	$ 606,392.67

On July 1, 1985, pursuant to K.S.A. 75-4261, all monies in the federal revenue sharing fund were transferred to the state general fund. All monies constituting unencumbered balances in accounts in the federal revenue sharing fund at the time of transfer were credited to comparable accounts in the state general fund. On July 1, 1985, all liabilities of the federal revenue sharing fund were imposed on the state general fund and the federal revenue sharing fund was abolished.

SCHEDULE "A-I"

FEDERAL REVENUE SHARING FUND
Comparison of Resources Available for Appropriations
For the Fiscal Years Ending June 30

	1986		1985	
Unencumbered Cash Balance for Appropriations at Beginning of Year	$ 214,782.29		$ 1,133,753.71	
Add Prior Fiscal Year's Appropriations Reappropriated	33,420.98		308,780.26	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	0.00		12,601.01	
Add Prior Years' Encumbrances Transferred to the State General Fund	293,919.81		---	
Adjusted Unencumbered Cash Balance at Beginning of Year		$ 542,123.08		$ 1,455,134.98
Difference Between Current Year Revenue and Current Year Charges:				
Current Year Revenue	<542,123.08>		108,692.21	
Current Year Charges:				
Expenditures	0.00		2,671,007.20	
Less Expenditures Charged to Prior Years' Encumbrances	0.00		1,401,698.74	
Expenditures Chargeable to Current Year's Appropriations	0.00		1,269,308.46	
Add Unliquidated Encumbrances Chargeable to Current Year's Appropriations	0.00		46,315.46	
Current Year Charges Against Current Year Appropriations	0.00		1,315,623.92	
Less Excess of Current Year Charges Over Current Revenue		542,123.08		1,206,931.71
Unencumbered Cash Balance, June 30		0.00		248,203.27
Less Unencumbered Appropriations:				
Fiscal Year Appropriations	0.00		1,137,996.00	
Reappropriations of Unencumbered Balance of Preceding Fiscal Year's Legislative Appropriations	33,420.98		308,780.26	
Total Appropriations and Reappropriations	33,420.98		1,446,776.26	
Add Difference Between Prior Year's Encumbrances and Expenditures Charged to Those Encumbrances	0.00		12,601.01	
Add Prior Year Encumbrances Transferred to State General Fund	293,919.81		---	
Total	327,340.79		1,459,377.27	
Less Reappropriations and Encumbrances transferred from Federal Revenue Sharing Fund to State General Fund	327,340.79		---	
Less Charges Against Current Appropriations	0.00		1,315,623.92	
Unencumbered Balance of Appropriations	0.00		143,753.35	
Less Appropriations Lapsed by Legislative Session	0.00		110,332.37	
Unencumbered Balance of Appropriations Reappropriated		0.00		33,420.98
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations		$ 0.00		$ 214,782.29

On July 1, 1985, pursuant to K.S.A. 75-4261, all monies in the federal revenue sharing fund were transferred to the state general fund. All monies constituting unencumbered balances in accounts in the federal revenue sharing fund at the time of transfer were credited to comparable accounts in the state general fund. On July 1, 1985, all liabilities of the federal revenue sharing fund were imposed on the state general fund and the federal revenue sharing fund was abolished.

EXHIBIT "B"

FEDERAL REVENUE SHARING FUND
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1985	$ 248,203.27	
Encumbrances Outstanding at July 1, 1985	293,919.81	
Subtotal	542,123.08	
Revenue Fiscal Year 1986	<542,123.08>	
TOTAL AVAILABLE		$ 0.00
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1986	0.00	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	0.00	
Contingent Obligations	0.00	
TOTAL EXPENDED AND ENCUMBERED		0.00
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986		$ 0.00

On July 1, 1985, pursuant to K.S.A. 75-4261, all monies in the federal revenue sharing fund were transferred to the state general fund. All monies constituting unencumbered balances in accounts in the federal revenue sharing fund at the time of transfer were credited to comparable accounts in the state general fund. On July 1, 1985, all liabilities of the federal revenue sharing fund were imposed on the state general fund and the federal revenue sharing fund was abolished.

EXHIBIT "C"

FEDERAL REVENUE SHARING FUND
Comparative Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$ 0.00	$ 0.00
Agency Earnings	0.00	0.00
Revenue From the Use of Money and Property	0.00	108,692.21
Gifts, Donations and Grants	0.00	0.00
Other Operating Revenue	0.00	0.00
GROSS OPERATING REVENUE	0.00	108,692.21
OPERATING EXPENDITURES		
Salaries and Wages	0.00	(7,256.01)
Contractual Services	0.00	237,160.00
Commodities	0.00	13,673.78
Capital Outlay	0.00	1,427,429.46
Grants, Claims and Shared Revenue	0.00	1,000,000.00
GROSS OPERATING EXPENDITURES	0.00	2,671,007.23
Excess of Operating Expenditures Over Operating Revenue	0.00	2,562,314.94
GROSS NON-OPERATING REVENUE	(542,123.08)	0.00
GROSS NON-OPERATING EXPENDITURES	0.00	0.00
Excess of Non-Operating Expenditures Over Non-Operating Revenue	542,123.08	0.00
EXCESS OF EXPENDITURES OVER REVENUE	$ 542,123.08	$ 2,562,314.94

On July 1, 1985, pursuant to K.S.A. 75-4261, all monies in the federal revenue sharing fund were transferred to the state general fund. All monies constituting unencumbered balances in accounts in the federal revenue sharing fund at the time of transfer were credited to comparable accounts in the state general fund. On July 1, 1985, all liabilities of the federal revenue sharing fund were imposed on the state general fund and the federal revenue sharing fund was abolished.

SECTION IV

SPECIAL REVENUE FUNDS

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Special Revenue Funds

This group or class includes a number of funds representing many separate activities of the state government created by law for specific purposes, usually on a self-supporting basis. Earmarked funds are received from taxes, agency earnings, revenues from the use of money and property, federal grants and other miscellaneous sources. The expenditures are controlled by appropriations, special grants of authority contained in standing laws, or federal laws where federal grants are involved.

EXHIBIT "A"

SPECIAL REVENUE FUNDS
Comparative Combined Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$163,570,237.63	$146,503,612.79
Cash in Agencies' Imprest Funds	338,745.00	323,745.00
Investments - Cost Basis (Note 1)	528,568.67	385,705.00
Amount to be Provided for Loan Redemption (See Section XII)	7,842,652.00	12,000,000.00
Amount to be Provided for Certificates of Participation (See Section XII) (Note 2)	1,654,429.00	---
TOTAL RECOGNIZED ASSETS	$173,934,632.30	$159,213,062.79
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 26,243,207.73	$ 24,925,313.29
Loan Payable (See Section XII)	7,842,652.00	12,000,000.00
Certificates of Participation Payable (See Section XII) (Note 2)	1,654,429.00	---
Total Liabilities	$ 35,740,288.73	$ 36,925,313.29
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	37,711,861.04	40,410,176.00
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds	99,615,168.86	81,168,123.50
Agencies' Imprest Funds	338,745.00	323,745.00
Invested Balances - Cost Basis (Note 1)	528,568.67	385,705.00
Total Fund Balances	100,482,482.53	81,877,573.50
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$173,934,632.30	$159,213,062.79

Note 1 -- Represents on a cost basis amounts invested from the following funds:

FISH AND GAME COMMISSION	
Fish and Game Conservation Fund - Investments	$528,568.67
TOTAL SPECIAL REVENUE FUNDS INVESTED	$528,568.67

Note 2 -- Fiscal year 1986 is the first year that the Certificates of Participation data has been reported in the balance sheet. For further information, see Section XII and Section XIII, Note 28.

EXHIBIT "B"

SPECIAL REVENUE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1985	$ 81,168,123.50	
Encumbrances Outstanding at July 1, 1985	40,410,176.00	
Subtotal	121,578,299.50	
Revenue Fiscal Year 1986	1,026,382,752.83	
TOTAL AVAILABLE		$1,147,961,052.33
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1986	1,010,634,022.43	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	14,899,562.13	
Contingent Obligations	22,812,298.91	
TOTAL EXPENDED AND ENCUMBERED		1,048,345,883.47
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986 (Note 1)		$ 99,615,168.86

Note 1 -- This balance does not include Agencies' Imprest Funds held in local bank accounts, nor Investments on a cost basis. The amounts for these items are shown in Exhibit "A".

EXHIBIT "C"

SPECIAL REVENUE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$ 3,469,339.30	$ 2,747,526.46
Agency Earnings	261,540,562.39	234,886,210.18
Revenue From the Use of Money and Property	4,320,836.10	5,641,546.54
Gifts, Donations and Grants	596,486,908.17	536,411,935.71
Other Operating Revenue	3,402,333.92	2,620,951.00
GROSS OPERATING REVENUE	869,219,979.88	782,308,169.89
OPERATING EXPENDITURES		
Salaries and Wages	314,976,040.29	292,304,930.04
Contractual Services	112,167,098.21	101,501,413.91
Commodities	46,602,009.19	40,379,862.14
Capital Outlay	29,303,118.05	24,617,798.43
Grants, Claims, Shared Revenue and Debt Service	478,468,371.99	434,459,135.12
GROSS OPERATING EXPENDITURES	981,516,637.73	893,263,139.64
Excess of Operating Expenditures Over Operating Revenue	112,296,657.85	110,954,969.75
GROSS NON-OPERATING REVENUE	157,162,772.95	146,204,414.79
GROSS NON-OPERATING EXPENDITURES	29,117,384.70	14,183,490.57
Excess of Non-Operating Revenue Over Non-Operating Expenditures	128,045,388.25	132,020,924.22
EXCESS OF REVENUE OVER EXPENDITURES	$ 15,748,730.40	$ 21,065,954.47

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SECTION V

HIGHWAY FUNDS

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Highway Funds

Revenues received by funds in this class are restricted by laws to financing the activities of the Department of Transportation, in constructing, reconstructing and maintaining a state system of highways. They also include some funds that are distributed to local political subdivisions for use on roads and streets.

EXHIBIT "A"

HIGHWAY FUNDS
Comparative Combined Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$129,749,456.39	$156,349,013.92
Cash in Agency Imprest Fund	2,000.00	2,000.00
Cash with Banks for Purchase of Investments (Note 1)	5,943.02	<1,999,999.25>
Investments - Cost Basis (Note 1)	124,038,336.45	151,595,126.76
Amount to be Provided for Revenue Bond Redemption (See Section XII)	151,545,000.00	154,805,000.00
TOTAL RECOGNIZED ASSETS	$405,340,735.86	$460,751,141.43
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 30,940,918.85	$ 31,724,077.27
Revenue Bonds Payable (See Section XII)	151,545,000.00	154,805,000.00
Total Liabilities	182,485,918.85	186,529,077.27
OTHER OBLIGATIONS		
Unliquidated Encumbrances	309,366,912.63	348,022,378.67
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds (Note 2)	<210,558,375.09>	<223,397,442.02>
Agency Imprest Fund	2,000.00	2,000.00
Cash in Banks for Purchase of Investments (Note 1)	5,943.02	<1,999,999.25>
Invested Balances - Cost Basis (Note 1)	124,038,336.45	151,595,126.76
Total Fund Balances	<86,512,095.62>	<73,800,314.51>
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES (Note 3)	$405,340,735.86	$460,751,141.43

Note 1 -- Represents monies with the Pooled Money Investment Board which are outside the State Treasury from the following funds:

	Investments (Cost Basis)	Uninvested Cash
State Freeway Construction Fund	$ 13,459,375.34	$ 0.00
State Freeway Fund	110,578,961.11	5,943.02
Total	$124,038,336.45	$ 5,943.02

Note 2 -- Under the Highway Construction Program, a number of contracts have been let by the Dept. of Transportation based on anticipated revenue primarily in the form of matching federal highway construction funds to be received from the Bureau of Public Roads. These revenues are expected to be received by the State in time to meet the cash requirements as obligations become due.

Note 3 -- The Secretary of Transportation is authorized by statute to contract with the Kansas Turnpike Authority to pay from the State Highway Fund such amounts as shall be required to make up any deficiency in the revenues received from the operation and ownership of a turnpike project.

EXHIBIT "B"

HIGHWAY FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1985	$<223,397,442.02>	
Encumbrances Outstanding at July 1, 1985	348,022,378.67	
Subtotal	124,624,936.65	
Revenue Fiscal Year 1986	475,642,111.01	
TOTAL AVAILABLE		$ 600,267,047.66
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1986	501,458,510.12	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	12,755,241.18	
Contingent Obligations	296,611,671.45	
TOTAL EXPENDED AND ENCUMBERED		810,825,422.75
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986 (Note 1)		$<210,558,375.09>*

Note 1 -- Under the Highway Construction Program, a number of contracts have been let by the Department of Transportation based on anticipated revenue. The anticipated revenue is primarily in the form of matching federal highway construction funds to be received from the Bureau of Public Roads and is expected to be received by the State in time to meet cash requirements as the obligations become due.

*This balance does not include Investments, Cash with banks for the Purchase of Investments, nor the Agency Imprest Fund. The amounts for these items are shown in Exhibit "A".

EXHIBIT "C"

HIGHWAY FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$221,749,057.91	$218,886,578.91
Agency Earnings	3,798,050.38	3,797,372.40
Revenue From the Use of Money and Property	14,373,895.91	18,142,484.89
Gifts, Donations and Grants	204,427,501.66	191,334,809.32
Other Operating Revenue	7,335.47	13,745.92
GROSS OPERATING REVENUE	444,355,841.33	432,174,991.44
OPERATING EXPENDITURES		
Salaries and Wages	76,129,094.81	74,541,382.66
Contractual Services	21,530,770.00	16,475,745.32
Commodities	22,760,492.54	23,709,393.76
Capital Outlay	302,481,493.59	269,012,110.26
Grants, Claims, Shared Revenue and Debt Service	69,034,195.53	71,408,256.70
GROSS OPERATING EXPENDITURES	491,936,046.47	455,146,888.70
Excess of Operating Expenditures over Operating Revenue	47,580,205.14	22,971,897.26
GROSS NON-OPERATING REVENUE	31,286,269.68	17,889,738.20
GROSS NON-OPERATING EXPENDITURES	9,522,463.65	<1,293,177.17>
Excess of Non-Operating Revenue Over Non-Operating Expenditures	21,763,806.03	19,182,915.37
EXCESS OF EXPENDITURES OVER REVENUE	$ 25,816,399.11	$ 3,788,981.89

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SECTION VI

CAPITAL PROJECTS FUNDS

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Capital Projects Funds

This class includes funds where the resources come from the sale of bonds and ad valorem tax levies dedicated to the Kansas Educational Building Fund, the State Institutions Building Fund and the Correctional Institutions Building Fund. These funds are used in the construction and equipping of educational classrooms, treatment and correctional institutional facilities. Included in this class are funds established in conjunction with the issuance of such bonds as debt service and facilities and maintenance reserve funds. Funds not included in this class are monies derived from the sale of bonds for highway construction and enterprise facilities and monies raised through special assessments.

EXHIBIT "B"

CAPITAL PROJECTS FUNDS
Comparative Combined Balance Sheet
June 30

	Kansas Educational Building Fund	State Institutions Building Fund	Correctional Institutions Building Fund	Other Capital Projects Funds	[illegible]	[illegible]
RECOGNIZED ASSETS						
Equity in State Treasurer's Common Cash Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investments - Cost Basis (Note 1)	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Unfounded Cash-Fish and Game Commission	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Ad Valorem Taxes Due from County Treasurers (Note 2)	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
Balance with Escrow Agent (Note 3)	0.00	0.00	0.00	0.00	0.00	[illegible]
Amount to be Provided for Revenue Bond Redemption (See Section XIII)	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Amount to be Provided for Loan Redemption (Note 3)	0.00	0.00	0.00	0.00	0.00	[illegible]
Amount to be Provided for Bond Defeasance Redemption (See Section XIII)	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Amount to be Provided for Certificates of Participation Redemption (See Section XIII)	0.00	0.00	0.00	[illegible]	[illegible]	0.00
TOTAL RECOGNIZED ASSETS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LIABILITIES, OTHER OBLIGATIONS AND BALANCES						
LIABILITIES						
Unredeemed Warrants	[illegible]	[illegible]	0.00	[illegible]	[illegible]	[illegible]
Revenue Bonds Payable (See Section XIII)	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Loan Payable (Note 3)	0.00	0.00	0.00	0.00	0.00	[illegible]
Defeased Bond Debt Payable (See Section XIII)	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Certificates of Participation Payable (See Section XIII)	0.00	0.00	0.00	[illegible]	[illegible]	0.00
Total Liabilities	[illegible]	[illegible]	0.00	[illegible]	[illegible]	[illegible]
OTHER OBLIGATIONS						
Total Unliquidated Encumbrances	[illegible]	[illegible]	0.00	[illegible]	[illegible]	[illegible]
Unencumbered Balance of Appropriations Reappropriated	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
Total Other Obligations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FUND AND AVAILABLE BALANCES						
Unencumbered Cash Balance Available to Finance Appropriations	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
Unencumbered Cash Balance of Agency Funds	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Invested Balances - Cost Basis (Note 1)	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Unfounded Cash-Fish and Game Commission	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]
Taxes Due from County Treasurers (Deferred Revenue)	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
Balance with Escrow Agent (Note 3)	0.00	0.00	0.00	0.00	0.00	[illegible]
Total Fund and Available Balances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note 1 -- [illegible]

DEPARTMENT OF ADMINISTRATION
[illegible]

KANSAS FISH AND GAME COMMISSION
[illegible]

[illegible]

UNIVERSITY OF KANSAS - KANSAS CITY CAMPUS
[illegible]

Note 1 -- (Continued)

UNIVERSITY OF KANSAS - KANSAS CITY CAMPUS - (Continued)
[illegible]

WICHITA STATE UNIVERSITY
[illegible]

TOTAL INVESTMENTS - COST BASIS [illegible]

Note 2 -- [illegible]

Note 3 -- [illegible]

SCHEDULE "A-I"

CAPITAL PROJECTS FUNDS
Comparison of Resources Available for Appropriation
For the Fiscal Years Ending June 30

	Kansas Educational Building Fund			
	1986		1985	
Unencumbered Cash Balance for Appropriations at Beginning of Year	$ 1,912,006.57		$ 89,205.22	
Add Prior Fiscal Year's Appropriations Reappropriated	2,696,869.56		2,338,851.68	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	18,413.90		57,603.78	
Adjusted Unencumbered Cash Balance at Beginning of Year		$4,627,290.03		$ 2,485,660.68
Difference Between Current Year Revenue and Current Year Charges.				
Current Year Revenue	12,826,070.91		13,510,515.23	
Current Year Charges:				
Expenditures	9,788,321.35		12,070,828.42	
Less Expenditures Charged to Prior Years' Encumbrances	2,434,427.40		2,808,985.23	
Expenditures Chargeable to Current Year's Appropriations	7,353,893.95		9,261,843.19	
Add Unliquidated Encumbrances Chargeable to Current Year's Appropriations	3,300,328.20		2,125,456.59	
Current Year Charges Against Current Year Appropriations	10,654,222.15		11,387,299.78	
Add Excess of Current Year Revenue Over Current Year Charges		2,171,848.76		
Less Excess of Current Year Charges Over Current Year Revenue				2,123,215.45
Unencumbered Cash Balance, June 30		6,799,138.79		4,608,876.13
Less Unencumbered Appropriations:				
Fiscal Year Appropriations	11,584,075.00		13,167,114.00	
Reappropriations of Unencumbered Balance of Preceding Fiscal Year's Legislative Appropriations	2,696,869.56		2,338,851.68	
Adjustments to Preceding Fiscal Years' Reappropriations	7,231.41		0.00	
Total Appropriations and Reappropriations (Adjusted)	14,288,175.97		15,505,965.68	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	18,413.90		57,603.78	
Total	14,306,589.87		15,563,569.46	
Less Charges Against Current Appropriations	10,654,222.15		11,387,299.78	
Unencumbered Balance of Appropriations	3,652,367.72		4,176,269.68	
Less Appropriations Lapsed by Legislative Session	726,877.05		1,479,400.12	
Unencumbered Balance of Appropriations Reappropriated		2,925,490.67		2,696,869.56
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations		$3,873,648.12		$ 1,912,006.57

State Institutions Building Fund				Correctional Institutions Building Fund			
1986		1985		1986		1985	
$1,280,065.57		$1,062,264.26		$ 39,385.53		$ 38,097.63	
3,461,699.06		3,978,510.45		0.00		392.56	
12,709.29		19,471.93		0.00		0.00	
	$4,754,473.92		$5,060,246.64		$ 39,385.53		$ 38,490.19
6,405,187.65		6,050,677.76		26.84		895.34	
7,230,066.89		6,025,405.78		0.00		0.00	
2,583,855.38		2,259,629.74		0.00		0.00	
4,646,211.51		3,765,776.04		0.00		0.00	
2,354,025.48		2,603,383.73		0.00		0.00	
7,000,236.99		6,369,159.77		0.00		0.00	
					26.84		895.34
	595,049.34		318,482.01				
	4,159,424.58		4,741,764.63		39,412.37		39,385.53
6,585,575.59		6,539,290.27		39,000.00		0.00	
3,461,699.06		3,978,510.45		0.00		392.56	
0.00		0.00		0.00		0.00	
10,047,274.65		10,517,800.72		39,000.00		392.56	
12,709.29		19,471.93		0.00		0.00	
10,059,983.94		10,537,272.65		39,000.00		392.56	
7,000,236.99		6,369,159.77		0.00		0.00	
3,059,746.95		4,168,112.88		39,000.00		392.56	
705,471.11		706,413.82		0.00		392.56	
	2,354,275.84		3,461,699.06		39,000.00		0.00
	$1,805,148.74		$1,280,065.57		$ 412.37		$ 39,385.53

EXHIBIT "B"

CAPITAL PROJECTS FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985 to June 30, 1986

	Kansas Educational Building Fund	State Institutions Building Fund	Correctional Institutions Building Fund	Other Capital Projects Funds	Total
AMOUNTS AVAILABLE FOR EXPENDITURE:					
Unencumbered Cash Balance at July 1, 1985 ---------	$ 4,608,876.13	$ 4,741,764.63	$ 39,385.53	$ 308,325.47	$ 9,698,351.76
Encumbrances Outstanding at July 1, 1985 ----------	2,633,557.14	2,644,044.81	0.00	29,613.73	5,307,215.68
Subtotal --------------------------------------	7,242,433.27	7,385,809.44	39,385.53	337,939.20	15,005,567.44
Revenue Fiscal Year 1986 ------------------------	12,826,070.91	6,405,187.65	26.84	92,310,382.61	111,541,668.01
TOTAL AVAILABLE -----------------------------------	20,068,504.18	13,790,997.09	39,412.37	92,648,321.81	126,547,235.45
AMOUNTS EXPENDED AND ENCUMBERED:					
Expenditures Fiscal Year 1986 --------------------	9,788,321.35	7,230,066.89	0.00	90,534,865.07	107,553,253.31
Encumbrances Outstanding at June 30, 1986					
Firm Obligations -------------------------------	3,468,391.21	1,893,761.11	0.00	12,700.81	5,374,853.13
Contingent Obligations -------------------------	12,652.83	507,744.51	0.00	1,547,457.57	2,067,854.91
TOTAL EXPENDED AND ENCUMBERED ----------------------	13,269,365.39	9,631,572.51	0.00	92,095,023.45	114,995,961.35
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986 ----------	$ 6,799,138.79(a)	$ 4,159,424.58(a)	$ 39,412.37(a)	$ 553,298.36(b)	$ 11,551,274.10

(a) This amount does not take into consideration the amount of reappropriated balances of appropriations at June 30, 1986, as follows:

Kansas Educational Building Fund	$ 2,925,490.67
State Institutions Building Fund	2,354,275.84
Correctional Institutions Building Fund	39,000.00
Total	$ 5,318,766.51

(b) This amount does not include the investments on a cost basis which is shown in Exhibit "A".

EXHIBIT "C"

CAPITAL PROJECTS FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	Detail of 1986					
	Kansas Educational Building Fund	State Institutions Building Fund	Correctional Institutions Building Fund	Other Capital Projects Funds	1986	1985
OPERATING REVENUE						
Taxes	$12,826,070.91	$ 6,405,187.65	$ 26.84	$ 0.00	$19,231,285.40	$ 19,662,088.33
Agency Earnings	0.00	0.00	0.00	1,503,107.35	1,503,107.35	1,483,221.06
Revenue From the Use of Money and Property	0.00	0.00	0.00	1,978,448.25	1,978,448.25	1,279,624.44
Gifts, Donations and Grants	0.00	0.00	0.00	67,706.00	67,706.00	67,706.00
Other Operating Revenue	0.00	0.00	0.00	0.00	0.00	0.00
GROSS OPERATING REVENUE	12,826,070.91	6,405,187.65	26.84	3,549,261.60	22,780,547.00	22,492,639.83
OPERATING EXPENDITURES						
Salaries and Wages	0.00	0.00	0.00	174,293.21	174,293.21	136,343.98
Contractual Services	1,718,547.24	1,649,952.33	0.00	250,947.95	3,619,447.52	3,135,157.51
Commodities	117,621.09	160,585.81	0.00	31,701.64	309,908.54	228,624.30
Capital Outlay	7,952,153.02	5,419,528.75	0.00	323,487.39	13,695,169.16	16,884,045.28
Grants, Claims, Shared Revenue and Debt Service	0.00	0.00	0.00	2,613,097.92	2,613,097.92	1,129,552.19
GROSS OPERATING EXPENDITURES	9,788,321.35	7,230,066.89	0.00	3,393,528.11	20,411,916.35	21,513,723.76
Excess of Operating Revenue Over Operating Expenditures	3,037,749.56		26.84	155,733.49	2,368,630.65	978,916.57
Excess of Operating Expenditures Over Operating Revenue		824,879.24				
GROSS NON-OPERATING REVENUE	0.00	0.00	0.00	88,761,121.01	88,761,121.01*	5,921,940.58
GROSS NON-OPERATING EXPENDITURES	0.00	0.00	0.00	87,141,336.96	87,141,336.96*	5,279,340.36
Excess of Non-Operating Revenue Over Non-Operating Expenditures				1,619,784.05	1,619,784.05	642,600.22
EXCESS OF REVENUE OVER EXPENDITURES	3,037,749.56		26.84	1,775,517.54	3,988,414.70	1,621,516.79
EXCESS OF EXPENDITURES OVER REVENUE		824,879.24				

* The increase in Gross Non-operating Revenue and Gross Non-operating Expenditures for fiscal year 1986 is due to Certificates of Participation transactions.

SECTION VII

ENTERPRISE FUNDS

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Analysis of Change in Unencumbered Cash Balance--Exhibit "B" ---------------------------------- 62

Comparative Combined Statement of Revenue and Expenditures--Exhibit "C" ---------------------------- 63

Enterprise Funds

Enterprise Funds are used to finance services, usually more of a commercial nature than the normal functions of state government, rendered by a state agency primarily to the general public for compensation.

EXHIBIT "A"

ENTERPRISE FUNDS
Comparative Combined Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 21,302,766.24	$ 17,315,190.91
Cash in Agencies' Imprest Funds	1,000.00	1,000.00
Cash with Banks for Purchase of Investments	670.43	12,548.41
Investments - Cost Basis (Note 1)	18,501,253.60	20,582,630.65
Amount to be Provided for Revenue Bond Redemption (See Section XII)	24,196,000.00	46,355,000.00
Amount to be Provided for Bond Defeasance Redemption (See Section XII)	28,160,000.00	0.00
TOTAL RECOGNIZED ASSETS	$ 92,161,690.27	$ 84,266,369.97
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 2,461,964.88	$ 557,093.10
Revenue Bonds Payable (See Section XII)	24,196,000.00	46,355,000.00
Defeased Bond Debt Payable (See Section XII)	28,160,000.00	0.00
Total Liabilities	54,817,964.88	46,912,093.10
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	1,417,028.71	1,285,973.19
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds	17,423,772.65	15,472,124.62
Agencies' Imprest Funds	1,000.00	1,000.00
Cash in Banks for Purchase of Investments	670.43	12,548.41
Invested Balances - Cost Basis (Note 1)	18,501,253.60	20,582,630.65
Total Fund Balances	35,926,696.68	36,068,303.68
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 92,161,690.27	$ 84,266,369.97

Note 1 -- Represents on a cost basis amounts invested from the following funds:

FORT HAYS STATE UNIVERSITY	
Housing System Bond and Interest Sinking Fund	$ 376,736.92
DEPARTMENT OF HEALTH AND ENVIRONMENT	
Sewer Disposal Treatment Bond and Interest Sinking Fund	792,899.00
Debt Service Reserve Fund	302,675.00
KANSAS STATE UNIVERSITY	
Student Coliseum Bond Fee Fund	1,249,333.12
Housing Systems Operation Fund	1,695,891.19
Student Fee Revenue Fund	556,184.92
Housing System Repair, Equipment and Improvement Fund	2,316,213.61
Coliseum Repair, Equipment and Improvement Fund	200,000.00
Student Recreation Building Repair, Equipment and Improvement Fund	74,568.65
Stadium Repair, Equipment and Improvement Fund	57,893.67
EMPORIA STATE UNIVERSITY	
Men's Dormitory No. 3 Bond and Interest Sinking Fund	100,000.00
Men's Dormitory No. 1 Bond and Interest Sinking Fund	16,000.00
Student Union Bond and Interest Sinking Fund	82,000.00
Student Union Addition Bond and Interest Sinking Fund	135,000.00
Women's Dormitory No. 2 Bond and Interest Sinking Fund	28,000.00
Women's Dormitory No. 3 and Student Apartments Bond and Interest Sinking Fund	163,608.27
Men's Dormitory No. 2 Bond and Interest Sinking Fund	28,000.00
Women's Dormitory No. 4 Bond and Interest Sinking Fund	35,000.00
PITTSBURG STATE UNIVERSITY	
Unit A Women's Dormitory and Food Service and Unit B Men's Dormitory Addition Project Revenue Fund	56,168.33
PITTSBURG STATE UNIVERSITY - (CONTINUED)	
East Campus Apartments I and II and Shirk Hall Project Revenue Fund	$ 10,000.00
1962 Dormitory and Student Apartments Revenue Fund	166,477.10
Unit A Women's Dormitory and Food Service and Unit B Men's Dormitory Addition Bond and Interest Sinking Fund	58,871.08
Student Center Addition Bond and Interest Sinking Fund	29,000.00
1962 Dormitory and Student Apartments Bond and Interest Sinking Fund	56,000.00
1962 Dormitory and Student Apartments Repair and Replacement Reserve Fund	40,000.00
UNIVERSITY OF KANSAS (LAWRENCE CAMPUS)	
Housing System Bond and Interest Sinking Fund	1,877,022.76
Housing System Repair and Replacement Reserve Fund	5,872,076.20
Stud. Health Facility Maint., Repair & Equip. Reserve Fund	597,930.06
WICHITA STATE UNIVERSITY	
On Campus Parking, Construction and Maintenance Fund	428,005.96
1960 Dormitory Sinking Fund	174,992.98
On Campus Parking Bond and Interest Sinking Fund	266,430.27
Stadium Bond and Interest Sinking Fund	70,036.25
1960 - Dormitory Repair and Replacement Reserve Fund	42,321.34
On Campus Parking Major Maintenance Fund	293,145.53
Stadium Major Maintenance Reserve Fund	2,850.68
1976 - Dormitory Bond Reserve Fund	150,000.00
1976 - Dormitory Maintenance Reserve Fund	99,920.69
TOTAL ENTERPRISE FUNDS INVESTED	$18,501,253.60

EXHIBIT "[illegible]"

ENTERPRISE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1985	$ 15,472,124.62	
Encumbrances Outstanding at July 1, 1985	1,285,973.19	
Subtotal	16,758,097.81	
Revenue Fiscal Year 1986	91,529,078.49	
TOTAL AVAILABLE		$108,287,176.30
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1986	89,446,374.94	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	1,402,738.71	
Contingent Obligations	14,290.00	
TOTAL EXPENDED AND ENCUMBERED		90,863,403.65
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986 (Note 1)		$ 17,423,772.65

Note 1 -- This balance does not include the cash advances to banks for the purchase of investments, the invested balances on a cost basis, nor Agencies' Imprest Funds held in local bank accounts. The amounts for these items are shown in Exhibit "A".

EXHIBIT "C"

ENTERPRISE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$ 0.00	$ 0.00
Agency Earnings	18,436,564.57	16,840,836.01
Revenue From the Use of Money and Property	26,487,652.44	23,816,554.70
Gifts, Donations and Grants	101,359.57	120,111.67
Other Operating Revenue	340,731.84	301,224.93
GROSS OPERATING REVENUE	45,366,308.42	41,078,727.31
OPERATING EXPENDITURES		
Salaries and Wages	19,738,367.75	16,759,842.61
Contractual Services	9,654,262.89	10,069,653.25
Commodities	6,772,263.99	6,048,594.60
Capital Outlay	1,710,342.75	970,090.61
Grants, Claims, Shared Revenue and Debt Service	2,132,655.84	2,846,425.00
GROSS OPERATING EXPENDITURES	40,007,893.22	36,694,606.07
Excess of Operating Revenue Over Operating Expenditures	5,358,415.20	4,384,121.24
GROSS NON-OPERATING REVENUE	46,162,770.07	54,142,442.59
GROSS NON-OPERATING EXPENDITURES	49,438,481.72	57,555,905.20
Excess of Non-Operating Expenditures Over Non-Operating Revenue	3,275,711.65	3,413,462.61
EXCESS OF REVENUE OVER EXPENDITURES	$ 2,082,703.55	$ 970,658.63

SECTION VIII

INTRAGOVERNMENTAL SERVICE FUNDS

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Comparative Combined Balance Sheet—Exhibit "A" 67

Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 68

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 69

Intragovernmental Service Funds

The funds included in this class are used to finance and account for services and commodities by a designated state agency to departments of the same state agency or to other state agencies. These funds are operated on a self-sustaining basis in that they are reimbursed, usually at cost, for the goods or services they produce. They were established by contributions or advances from the State General Fund or by other funds.

EXHIBIT "B"

INTRAGOVERNMENTAL SERVICE FUNDS
Comparative Combined Balance Sheet
June 30

	[illegible]	[illegible]
UNENCUMBERED ASSETS		
Equity in State Treasurer's Investment Cash Fund	$ [illegible]	$ [illegible]
Amount to be Provided for Loan Redemption (Note 2)	[illegible]	[illegible]
Balance with Escrow Agent - Purchase of Lands fo Bldg. (Note 1)	[illegible]	[illegible]
TOTAL UNENCUMBERED ASSETS	$ [illegible]	$ [illegible]
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unliquidated Warrants	$ [illegible]	$ [illegible]
Loan Payable (Note 2)	[illegible]	[illegible]
Total Liabilities	[illegible]	[illegible]
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	[illegible]	[illegible]
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds	[illegible]	[illegible]
Balance with Escrow Agent - Purchase of Lands fo Bldg. (Note 1)	[illegible]	[illegible]
Total Fund Balances	[illegible]	[illegible]
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ [illegible]	$ [illegible]

Note 1 -- [illegible]

Note 2 -- [illegible]

EXHIBIT "B"

INTRAGOVERNMENTAL SERVICE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1985	$ 18,233,318.13	
Encumbrances Outstanding at July 1, 1985	5,015,997.41	
Subtotal	23,249,315.54	
Revenue Fiscal Year 1986	85,566,036.72	
TOTAL AVAILABLE		$108,815,352.26
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1986	85,920,269.41	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	3,448,802.03	
Contingent Obligations	824,723.81	
TOTAL EXPENDED AND ENCUMBERED		90,193,795.25
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986		$ 18,621,557.01*

* This amount does not include the $3,897,593.00 balance with the escrow agent.

EXHIBIT "C"

INTRAGOVERNMENTAL SERVICE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$ 216,477.43	$ 203,868.20
Agency Earnings	77,546,781.80	71,554,638.95
Revenue From the Use of Money and Property	6,590,639.46	5,547,345.46
Gifts, Donations and Grants	0.00	0.00
Other Operating Revenue	144,199.42	164,162.40
GROSS OPERATING REVENUE	84,498,098.11	77,470,015.01
OPERATING EXPENDITURES		
Salaries and Wages	24,017,410.08	21,060,958.26
Contractual Services	29,836,962.04	23,307,498.29
Commodities	20,101,142.85	21,634,913.87
Capital Outlay	11,749,201.03	12,963,963.65
Grants, Claims, Shared Revenue and Debt Service	813.88	6,745.07
GROSS OPERATING EXPENDITURES	85,705,529.88	78,974,079.14
Excess of Operating Expenditures Over Operating Revenue	1,207,431.77	1,504,064.13
GROSS NON-OPERATING REVENUE	1,067,938.61	6,157,850.52
GROSS NON-OPERATING EXPENDITURES	214,739.53	1,658.91
Excess of Non-Operating Revenue Over Non-Operating Expenditures	853,199.08	6,156,191.61
EXCESS OF REVENUE OVER EXPENDITURES		$ 4,652,127.48
EXCESS OF EXPENDITURES OVER REVENUE	$ 354,232.69	

SECTION IX

TRUST AND AGENCY FUNDS

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Analysis of Change in Unencumbered Cash Balance--Exhibit "B" -------------------------------- 74

Comparative Combined Statement of Revenue and Expenditures--Exhibit "C" ---------------------------- 75

Trust and Agency Funds

In this class are included funds that the state receives, holds, and/or disburses in a fiduciary capacity as trustee, agent or custodian. Trust funds are normally invested to produce additional revenue to be used for the same purposes for which the funds were established. Into the Agency Funds go moneys collected by the state, as agent, and disbursed to other governmental agencies and individuals in accordance with laws and regulations.

EXHIBIT "A"

TRUST AND AGENCY FUNDS
Comparative Combined Balance Sheet
June 30

	Detail of 1986: Retirement Funds	Detail of 1986: Employment Security Funds	Detail of 1986: Other Trust and Agency Funds	1986	1985
RECOGNIZED ASSETS					
Equity in State Treasurer's Common Cash Fund	$ 13,326,698.17	$ 2,590,607.86	$ 120,194,172.42	$ 136,111,478.45	$ 125,571,561.30
Cash in Agencies' Imprest Funds	0.00	0.00	500.00	500.00	500.00
Cash with U.S. Treasurer	0.00	318,491,000.00	0.00	318,491,000.00	[illegible]
Inmate, Patient and Client Monies in State Agencies Custody (Note 3)	0.00	0.00	2,044,933.17	2,044,933.17	1,046,492.91
Public Employees Retirement Fund Investments - Accrual Basis (Note 1)	2,493,443,498.06	0.00	0.00	2,493,443,498.06	[illegible]
Investments Owned by Other Funds (Cost Basis) (Note 2)	0.00	0.00	26,528,473.46	26,528,473.46	[illegible]
Amount to be Provided for Bond Defeasance Redemption (See Section XII)	0.00	0.00	4,320,000.00	4,320,000.00	4,755,000.00
Investments of Deferred Compensation Plan Balances (Market Value) (Note 4)	0.00	0.00	41,034,988.49	41,034,988.49	---
TOTAL RECOGNIZED ASSETS	$2,506,770,196.23	$ 321,081,607.86	$ 194,123,067.54	$3,021,974,871.63	[illegible]
LIABILITIES, OTHER OBLIGATIONS AND BALANCES					
LIABILITIES					
Unredeemed Warrants	$ 8,099,408.64	$ 1,980,582.18	$ [illegible]	$ [illegible]	$ [illegible]
Inmate, Patient and Client Trust Funds (Note 3)	0.00	0.00	2,044,933.17	2,044,933.17	1,046,492.91
Defeased Bond Debt Payable (See Section XII)	0.00	0.00	4,320,000.00	4,320,000.00	4,755,000.00
Due Employees for Deferred Compensation (Market Value) (Note 4)	0.00	0.00	41,034,988.49	41,034,988.49	---
Total Liabilities	8,099,408.64	1,980,582.18	[illegible]	[illegible]	[illegible]
OTHER OBLIGATIONS					
Total Unliquidated Encumbrances	616,411.71	0.00	4,025,569.93	4,641,981.64	[illegible]
FUND BALANCES					
Unencumbered Cash Balances of Agency Funds	3,610,797.07	319,101,025.70	64,059,464.97	[illegible]	[illegible]
Agencies' Imprest Funds	0.00	0.00	500.00	500.00	500.00
Invested Balances of Public Employees Retirement Fund - Accrual Basis (Note 1)	2,493,443,498.06	0.00	0.00	2,493,443,498.06	[illegible]
Invested Balances of Other Funds - Cost Basis (Note 2)	0.00	0.00	26,528,473.46	26,528,473.46	[illegible]
Total Fund Balances	2,497,054,295.88	319,101,025.70	90,588,438.43	[illegible]	[illegible]
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$2,506,770,196.23	$ 321,081,607.86	$ 194,123,067.54	$3,021,974,871.63	[illegible]

Note 1-- Public Employees Retirement Fund Investments (Accrual Basis) with the Kansas Public Employees Retirement System held in the Kansas Public Employees Retirement Fund are as follows:

Temporary at Cost	$ 354,603,551.90
Kansas Capital Fund	110,900,000.00
Accumulated Depreciation	1,250,175.69
Common Stock at Cost	897,572,013.92
Preferred Stock	5,442,380.00
Small Business Administration Guaranteed Loans	391,545.25
Bonds - Face	1,105,939,173.30
Premiums	54,350,571.74
Discounts	77,401,766.19
Mortgages	5,361,250.46
Contracts	1,319,306.33
Real Estate	40,226,987.10
Accrued Interest Purchased	5,797,609.67
Dividends Receivables	1,899,767.07
Interest Receivables	19,479,729.34
Receivables on Sales of Investments	[illegible]
Payables on Purchase of Investments	[illegible]
Other Payables	403,757.12
Mortgages (MGIC)	74,527,177.71
Capital Towers	11,412,374.62
TOTAL RETIREMENT FUNDS INVESTED	$2,493,443,498.06

Note 2--Investments Owned by Other Trust and Agency Funds (Cost Basis) are as follows:

DEPARTMENT OF ADMINISTRATION	
Self-Insurance Reserve Fund	$ [illegible]
INSURANCE DEPARTMENT	
Health Care Stabilization Fund	[illegible]
KANSAS STATE UNIVERSITY	
State Agricultural University Fund	[illegible]
EMPORIA STATE UNIVERSITY	
State Normal School Fund	[illegible]
REAL ESTATE COMMISSION	
Real Estate Recovery Revolving Fund	[illegible]
STATE TREASURER	
[illegible] Library Permanent Fund	[illegible]
Humanities Bldg.-Bond & Interest Sinking Fund	[illegible]
Student Union Addition Bond & Interest Sinking Fund	[illegible]
Student Health Facility Bond & Interest Sinking Fund	1,076,179.56
Student Union Annex Bond & Interest Sinking Fund	[illegible]
Satellite Union Bond & Interest Sinking Fund	1,145,024.54

Note 2 - Continued:

UNIVERSITY OF KANSAS	
Permanent University Fund	339,735.94
TOTAL OTHER TRUST AND AGENCY FUNDS INVESTMENTS	$ 26,528,473.46

Note 3 -- Represents the amount of Inmate, Patient and Client Monies held by state agencies in trust and Canteen and Benefit Funds. Previous to fiscal year 1986 only the trust fund monies were reported. The amounts by agency are as follows:

AGENCY	TRUST FUNDS	CANTEEN AND BENEFIT FUNDS
Correctional-Vocational Training Center	$ [illegible]	$ [illegible]
Kansas Correctional Institution for Women	[illegible]	[illegible]
Industrial Reformatory	46,379.19	[illegible]
Youth Center at Topeka	[illegible]	26,197.91
Youth Center at Beloit	[illegible]	[illegible]
Youth Center at Atchison	[illegible]	[illegible]
Kansas Neurological Institute	[illegible]	[illegible]
Larned State Hospital	[illegible]	[illegible]
Osawatomie State Hospital	[illegible]	[illegible]
Parsons State Hospital and Training Center	[illegible]	[illegible]
Department of Corrections		
El Dorado Honor Camp	[illegible]	[illegible]
Toronto Honor Camp	[illegible]	[illegible]
Wichita Work Release Center	[illegible]	[illegible]
Topeka Pre-Release	[illegible]	[illegible]
Winfield Pre-Release	[illegible]	[illegible]
Penitentiary, State	[illegible]	[illegible]
Kansas Reception and Diagnostic Center	[illegible]	[illegible]
Rainbow Mental Health Facility	[illegible]	[illegible]
Norton State Hospital	[illegible]	[illegible]
School for the Visually Handicapped	[illegible]	[illegible]
School for the Deaf	[illegible]	[illegible]
Dept. of Soc. & Rehab. Services, Voc. Rehab. Units	[illegible]	[illegible]
Kansas Soldiers Home	[illegible]	[illegible]
Topeka State Hospital	[illegible]	[illegible]
Winfield State Hospital and Training Center	[illegible]	[illegible]
TOTAL INMATE, PATIENT AND CLIENT MONIES HELD IN CUSTODIANSHIP	$ [illegible]	$ [illegible]

Note 4 -- Fiscal year 1986 is the first year that the Deferred Compensation Plan balances held in trust have been reported in the balance sheet. See Section XIII, Note 13 for further information.

EXHIBIT "B"

TRUST AND AGENCY FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

	Retirement Funds	Employment Security Funds	Other Trust and Agency Funds	Total
AMOUNTS AVAILABLE FOR EXPENDITURE:				
Unencumbered Cash Balance at July 1, 1985	$ 4,045,641.84	$ 274,330,632.22	$ 71,364,910.47	$ 349,741,1[illegible]
Encumbrances Outstanding at July 1, 1985	328,242.03	0.00	398,874.03	727,11[illegible]
Subtotal	4,373,883.87	274,330,632.22	71,763,784.50	350,468,3[illegible]
Revenue Fiscal Year 1986	687,730,969.61	206,395,332.25	1,274,324,222.93	2,168,450,5[illegible]
TOTAL AVAILABLE	692,104,853.48	480,725,964.47	1,346,088,007.43	2,518,918,[illegible]
AMOUNTS EXPENDED AND ENCUMBERED:				
Expenditures Fiscal Year 1986	687,677,643.95	161,624,938.77	1,278,002,952.53	2,127,305,5[illegible]
Encumbrances Outstanding at June 30, 1986				
Firm Obligations	3,665.10	0.00	3,591,370.56	3,595,[illegible]
Contingent Obligations	812,746.61	0.00	434,199.37	1,246,9[illegible]
TOTAL EXPENDED AND ENCUMBERED	688,494,055.66	161,624,938.77	1,282,028,522.46	2,132,147,5[illegible]
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986 (Note 1)	$ 3,610,797.82	$ 319,101,025.70	$ 64,059,484.97	$ 386,771,30[illegible]

Note 1 -- This balance does not include the Investments, the Cash with Banks for the Purchase of Investments, nor Agency Imprest Funds held in local bank accounts. The amounts for these items are shown in Exhibit "A".

EXHIBIT "E"

TRUST AND AGENCY FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	Detail of 1986				
	Retirement Funds	Employment Security Funds	Other Trust and Agency Funds	1986	1985
OPERATING REVENUE					
Taxes	$ 0.00	$ 164,816,737.92	$ 191,286,473.95	$ 356,103,211.87	$ [illegible]
Agency Earnings	0.00	0.00	135,498.47	135,498.47	156,147.14
Revenue From the Use of Money and Property	433,486,940.40	29,819,292.47	3,477,850.63	466,784,083.50	155,032,725.93
Gifts, Donations and Grants	0.00	4,259,000.00	3,244,703.67	7,503,703.67	13,956,295.71
Other Operating Revenue	36,615.34	44,048.92	27,327,555.37	27,408,219.63	13,365,372.92
TOTAL OPERATING REVENUE	433,523,555.74	198,939,079.31	225,472,082.04	857,934,717.09	634,[illegible],856.96
OPERATING EXPENDITURES					
Salaries and Wages	1,297,426.48	0.00	1,317,676.16	2,615,102.64	2,123,975.03
Contractual Services	12,521,744.39	0.00	3,754,561.66	16,276,306.05	15,209,873.74
Commodities	53,273.89	0.00	67,821.13	121,095.02	112,606.14
Capital Outlay	20,746.47	0.00	87,006.85	107,753.32	149,445.[illegible]
Grants, Claims, Shared Revenue and Debt Service	103,447,106.69	159,285,754.87	321,451,346.85	584,184,208.41	511,471,304.82
TOTAL OPERATING EXPENDITURES	117,340,297.92	159,285,754.87	326,678,412.65	603,304,465.44	[illegible]
Excess of Operating Revenue Over Operating Expenditures	316,183,257.82	39,653,324.44		254,630,251.65	95,402,[illegible]
Excess of Operating Expenditures Over Operating Revenue			101,206,330.61		
TOTAL NON-OPERATING REVENUE	254,207,413.87	7,456,252.94	1,048,852,140.89	1,310,515,807.70	[illegible],956.63
TOTAL NON-OPERATING EXPENDITURES	570,337,346.03	2,339,183.90	951,324,539.88	1,524,001,069.81	[illegible],892.37
Excess of Non-Operating Revenue Over Non-Operating Expenditures		5,117,069.04	97,527,601.01		
Excess of Non-Operating Expenditures Over Non-Operating Revenue	316,129,932.16			213,485,262.11	[illegible],433,936.74
EXCESS OF REVENUE OVER EXPENDITURES	$ 53,325.66	$ 44,770,393.48		$ 41,144,989.54	$ [illegible]
EXCESS OF EXPENDITURES OVER REVENUE			$ 3,678,729.60		

SECTION X

CLEARING, REFUND AND SUSPENSE FUNDS

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Clearing, Refund and Suspense Funds

Included are funds used to clear transactions related to payroll deductions and contributions and certain other transactions of a non-operating nature. This class also includes specific funds established for refunding overcollections of taxes, fees and other monies. Suspense funds are included in this class for temporary depositing of monies until proper disposition can be determined. Generally, the type of funds included in this class are those which cannot be properly classified into another fund class.

EXHIBIT "A"

CLEARING, REFUND AND SUSPENSE FUNDS
Comparative Combined Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 47,597,983.00	$ 37,345,322.65
TOTAL RECOGNIZED ASSETS	$ 47,597,983.00	$ 37,345,322.65
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 26,259,441.38	$ 19,735,322.14
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	576,322.43	72,295.69
FUND BALANCES		
Unencumbered Cash Balance of Agency Funds	20,762,219.19	17,537,704.82
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 47,597,983.00	$ 37,345,322.65

EXHIBIT "B"

CLEARING, REFUND AND SUSPENSE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1985, to June 30, 1986

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1985	$ 17,537,704.82	
Encumbrances Outstanding at July 1, 1985	72,295.69	
Subtotal	17,610,000.51	
Revenue Fiscal Year 1986	612,711,046.20	
TOTAL AVAILABLE		$630,321,046.71
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1986	609,082,505.09	
Encumbrances Outstanding at June 30, 1986		
Firm Obligations	551,322.43	
Contingent Obligations	25,000.00	
TOTAL EXPENDED AND ENCUMBERED		609,658,827.52
UNENCUMBERED CASH BALANCE AT JUNE 30, 1986		$ 20,662,219.19

EXHIBIT "C"

CLEARING, REFUND AND SUSPENSE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
OPERATING REVENUE		
Taxes	$215,386,180.20	$200,659,501.77
Agency Earnings	107,124.72	178,422.19
Revenue From the Use of Money and Property	2,219,535.86	2,022,687.62
Gifts, Donations and Grants	0.00	2,158.66
Other Operating Revenue	2,360,435.07	1,117,120.22
GROSS OPERATING REVENUE	220,073,275.85	203,979,890.46
OPERATING EXPENDITURES		
Salaries and Wages	344,311.96	338,830.87
Contractual Services	2,673,200.11	2,532,414.66
Commodities	12,847.92	12,524.99
Capital Outlay	1,635.00	8,629.51
Grants, Claims, Shared Revenue and Debt Service	1,453,776.04	701,230.52
GROSS OPERATING EXPENDITURES	4,485,771.03	3,593,630.55
Excess of Operating Revenue Over Operating Expenditures	215,587,504.82	200,386,259.91
GROSS NON-OPERATING REVENUE	392,637,770.35	153,276,221.43
GROSS NON-OPERATING EXPENDITURES	604,596,734.06	352,128,685.49
Excess of Non-Operating Expenditures Over Non-Operating Revenue	211,958,963.71	198,852,464.06
EXCESS OF REVENUE OVER EXPENDITURES	$ 3,628,541.11	$ 1,533,795.85

SECTION XI

PAYROLL CLEARING FUND

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Payroll Clearing Fund

The law provides that a payroll account may be established in the state treasury to permit the issuance of a consolidated payroll for each state agency. The receipts to this account are derived from transfers of monies from other funds within the treasury. The disbursements are made by payroll warrants for the net amount of salaries to state employees and the remainder of funds in the form of OASDHI, withholding taxes, retirement and miscellaneous payroll deductions are disbursed to other governmental units and the appropriate entities. Normally monies transferred in are disbursed within the same month and not later than the end of a quarter. Currently, the Kansas Integrated Personnel Payroll System (K.I.P.P.S.) is being phased in. Under this system, payrolls of state agencies are charged directly against the appropriate agency account or accounts in the state treasury on an individual account basis rather than utilizing the payroll clearing fund. Another payroll system, the Regents' Institutions Payroll System, is also being phased in. The Regents' Institutions Payroll System does not use the Payroll Clearing Fund but does use individual agency clearing funds reported under the category of "Clearing Refund and Suspense Funds" (Section X of this Annual Financial Report).

EXHIBIT "A"

PAYROLL CLEARING FUND
Comparative Balance Sheet
June 30

	1986	1985
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 14,117,168.36	$ 24,324,988.14
TOTAL RECOGNIZED ASSETS	$ 14,117,168.36	$ 24,324,988.14
LIABILITIES		
Unredeemed Warrants	$ 10,214,903.99	$ 17,367,213.55
Due for Payroll Deductions, Taxes, Retirement, Etc.:		
Due Federal Government for Social Security	1,659,362.38	2,736,896.37
Due Federal Government for Federal Withholding Taxes	13,104.00	451,572.44
Due Federal Government for Savings Bonds	20,371.44	19,493.91
Due Federal Government for Federal Civil Service Retirement	0.00	77,079.29
Due Federal Government for Federal Health and Life Insurance	0.00	36,579.79
Due Department of Revenue for Kansas Witholding Taxes	357,204.75	600,670.65
Due for Worker's Compensation Contributions	83,167.86	81,092.89
Due for Parking Fees	45.00	10.00
Due for Unemployment Compensation Contributions	24,574.17	104,675.39
Due for Mandatory Retirement Annuity Contributions	184,453.09	504,024.27
Due for Retirement Contributions due Kansas Public Employees Retirement System	677,713.45	930,004.12
Due for Health Insurance Carriers and Health Maintenance Organizations	760,650.18	1,299,973.94
Due for Membership Fees Due Employee Organizations	6,743.89	6,426.85
Due for United Way	3,938.64	5,649.64
Due Aetna Life Insurance and Annuity Company for Deferred Compensation	110,915.52	107,502.04
Total Due for Payroll Deductions, Taxes, Retirement, Etc.	3,902,264.37	6,957,774.59
TOTAL LIABILITIES	$ 14,117,168.36	$ 24,324,988.14

EXHIBIT "B"

PAYROLL CLEARING FUND
Comparative Analysis of Change in Unencumbered Cash Balance
For the Fiscal Years Ending June 30

	1986	1985
Balance, July 1	6,957,774.59	10,054,824.01
Add: Transfers from Other State Funds	309,327,674.21	381,151,827.39
Total Amount Available	316,285,448.80	391,206,651.40
Less: Transfers to Other Funds	125,384,843.23	152,940,819.21
Payroll Warrants Issued (Including Earned Income Credits)	186,998,341.20	231,308,057.60
Total Disbursements	312,383,184.43	384,248,876.81
BALANCE, June 30	$ 3,902,264.37	$ 6,957,774.59

EXHIBIT "C"

PAYROLL CLEARING FUND
Comparative Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1986	1985
NON-OPERATING REVENUE		
Transfers from Other State Funds	$309,327,674.21	$381,151,827.39
GROSS NON-OPERATING REVENUE	309,327,674.21	381,151,827.39
NON-OPERATING EXPENDITURES		
Gross Transfers from Payroll Clearing Fund	125,384,843.23	152,940,819.01
Warrants Issued from Payroll Clearing Fund: Payroll Warrants (Including Earned Income Credits)	186,998,341.20	231,308,057.80
GROSS NON-OPERATING EXPENDITURES	312,383,184.43	384,248,876.81
Excess of Non-Operating Expenditures Over Non-Operating Revenue	$ 3,055,510.22	$ 3,097,049.42

SECTION XII

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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EXHIBIT "D"

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
HIGHWAY FUNDS				
Department of Transportation K.S.A. Chapter 68, Article 23				
Highway Refunding Bonds Series 1985 (Note 1)	January 15, 1985 (Series 1985)	1987 - 1993	8.60	$ 55,835,[illegible]
		1994 - 1995	8.70	24,545,[illegible]
		1996	8.90	13,505,[illegible]
		1997 - 2000	9.08	60,920,000
Highway Refunding Bonds Series 1985A (Note 1)	November 15, 1985 (Series 1985A)	1987 - 1999	8.00	151,545,[illegible]
TOTAL HIGHWAY FUNDS REVENUE BOND INDEBTEDNESS				306,350,[illegible]
ENTERPRISE FUNDS				
Fort Hays State University K.S.A. Chapter 76, Article 6a				
Housing System Revenue	October 1, 1962 (Series A)	1987 - 1997	2.75	450,[illegible]
	(Series B)	1987 - 1999	3.00	656,[illegible]
	(Series C)	1987 - 2003	3.375	1,250,[illegible]
	(Series D)	1987 - 2002	3.50	375,[illegible]
	October 1, 1963	1987 - 2003	3.625	635,[illegible]
	August 1, 1966 (Series A)	1987 - 2008	3.00	500,[illegible]
	(Series B)	1987 - 1993	5.00	550,[illegible]
Housing System Revenue	February 1, 1969	Retired	5.375	735,[illegible]
		Retired	5.125	730,[illegible]
		1987	5.00	605,[illegible]
		1988 - 1989	5.25	190,[illegible]
		1990 - 1994	5.375	585,[illegible]
Health and Environment K.S.A. Chapter 12, Article 37				
Sewage Treatment Construction	June 1, 1974 (Series B)	Retired	5.75	465,[illegible]
		Retired	5.625	80,[illegible]
		Retired	5.30	65,[illegible]
		1987 - 1990	5.40	300,[illegible]
		1991 - 1994	5.50	370,[illegible]
	December 1, 1976 (Series D)	Retired	5.25	710,[illegible]
		Retired	4.90	105,[illegible]
		1987	5.00	110,[illegible]
		1988	5.10	120,[illegible]
		1989	5.20	125,[illegible]
		1990	5.30	130,[illegible]
		1991	5.40	140,[illegible]
		1992	5.50	145,[illegible]
		1993	5.60	155,[illegible]
		1994	5.70	165,[illegible]
		1995 - 1996	5.75	[illegible]
Kansas State University K.S.A. Chapter 76, Article 6a				
Student Union Annex I (Note 2)	July 1, 1961	Retired	4.00	[illegible]
		Retired	3.75	[illegible]
		Retired	4.25	[illegible]
		Retired	4.00	[illegible]

Note 1 -- During fiscal year 1986 the Department of Transportation defeased the outstanding Highway Refunding Bonds Series 1985 by issuing the Highway Refunding Bonds Series 1985A and transferring monies to the Escrow Trustee, Bank IV of Topeka, sufficient to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Note 2 -- During fiscal year 1986 Kansas State University defeased all outstanding bonds by issuing the 1985 Housing System Operations Bonds and 1985 Student Fee Refunding Bonds and transferring monies to the Escrow Trustee, Bank IV of Topeka and Bank IV of Manhattan respectively, sufficient to make purchases of Government Securities to cover principal and interest payments on defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

	Current Transactions				
Bonded Debt Outstanding July 1, 1985	New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
$ 55,835,000	$	$	$	$ (55,835,000)	$
24,545,000				(24,545,000)	
13,505,000				(13,505,000)	
60,920,000				(60,920,000)	
	151,545,000				151,545,000
154,805,000	151,545,000			(154,805,000)	151,545,000
216,000		15,000	15,000		201,000
350,000		21,000	21,000		329,000
782,000		34,000	34,000		748,000
213,000		9,000	9,000		204,000
388,000		15,000	15,000		373,000
360,000		10,000	10,000		350,000
260,000		30,000	30,000		230,000
-----					-----
-----					-----
180,000		90,000	90,000		90,000
190,000					190,000
565,000					565,000
-----					-----
-----					-----
65,000		65,000	65,000		-----
300,000					300,000
370,000					370,000
-----					-----
105,000		105,000	105,000		-----
110,000					110,000
120,000					120,000
125,000					125,000
130,000					130,000
140,000					140,000
145,000					145,000
155,000					155,000
165,000					165,000
350,000					350,000

80,000				[illegible]	

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
ENTERPRISE FUNDS - Continued				
Kansas State University - Continued				
Married Students Apartments No. 3 (Note 1)	October 1, 1962			
		Retired	3.125	$ 45,000
		Retired	2.50	15,000
		Retired	2.625	40,000
		Retired	2.75	50,000
		Retired	3.125	30,000
		Retired	3.10	65,000
		Retired	3.50	50,000
		Retired	3.25	25,000
		Retired	3.30	25,000
		Retired	3.35	25,000
		1987 - 2003	3.375	800,000
Housing System Revenue (Note 1)	April 1, 1964			
	(Series A)	Retired	2.75	1,210,000
	(Series B)	Retired	2.875	1,797,000
	(Series C)	Retired	2.75	1,062,000
	(Series D)	1987 - 2002	3.375	1,475,000
	(Series E)	1987 - 2000	3.50	730,000
	(Series F)	Retired	4.00	435,000
		Retired	3.00	210,000
		Retired	3.10	120,000
		Retired	3.25	240,000
	(Series G)	Retired	3.75	335,000
		Retired	3.70	180,000
		1987 - 1992	3.50	826,000
		1993 - 1999	3.60	890,000
		2000 - 2004	3.625	775,000
	April 1, 1965			
	(Series A)	Retired	3.50	20,000
		1987 - 2005	3.75	1,730,000
Building Revenue (Note 1)	April 1, 1966	1987 - 2006	3.00	2,090,000
Stadium Revenue (Note 1)	October 1, 1967			
		Retired	5.00	130,000
		Retired	4.50	300,000
		Retired	4.375	610,000
		1987 - 1988	4.10	475,000
Student Union Annex II (Note 1)	November 1, 1969	Retired	5.25	790,000
		Retired	4.75	710,000
		Retired	4.875	330,000
		1987 - 1989	5.00	575,000
		1990 - 1994	5.125	1,550,000
Student Recreational Building (Note 1)	May 1, 1977	Retired	5.50	845,000
		1987	5.20	710,000
		1988 - 1991	5.10	490,000
		1992	5.20	170,000
		1993	5.30	120,000
		1994 - 2001	5.50	720,000
Housing System Operations (Note 1)	August 1, 1985 (Series 1985)	Retired	4.75	110,000
		1987	5.50	155,000
		1988	6.00	165,000
		1989	6.50	170,000
		1990	6.90	180,000
		1991	7.10	190,000
		1992	7.40	200,000
		1993	7.60	220,000
		1994	7.80	240,000
		1995	8.00	255,000
		1996	8.20	275,000
		1997	8.40	300,000
		1998	8.60	345,000
		1999	8.70	365,000
		2000 - 2001	8.80	[illegible]
		2002 - 2003	8.85	[illegible]
		2004 - 2005	8.90	475,000

Note 1 -- During fiscal year 1986 Kansas State University defeased all outstanding bonds by issuing the 1985 Housing System Operations Bonds and 1985 Student Fee Refunding Bonds and transferring monies to the Escrow Trustee, Bank IV of Topeka and Bank IV of Manhattan respectively, sufficient to make purchases of Government Securities to cover principal and interest payments on defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

	Current Transactions				
Bonded Debt Outstanding July 1, 1985	New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
$ -----	$	$	$	$	$

721,000				(721,000)	

915,000				(915,000)	
416,000				(416,000)	

736,000				(736,000)	
890,000				(890,000)	
775,000				(775,000)	

1,210,000				(1,210,000)	
1,964,000				(1,964,000)	

420,000		100,000	100,000	(320,000)	

170,000		170,000	170,000		
570,000				(570,000)	
1,550,000				(1,550,000)	

260,000				(260,000)	
490,000				(490,000)	
120,000				(120,000)	
170,000				(170,000)	
720,000				(720,000)	
	110,000	110,000	110,000		-----
	155,000				155,000
	165,000				165,000
	170,000				170,000
	180,000				180,000
	190,000				190,000
	200,000				200,000
	220,000				220,000
	240,000				240,000
	265,000				265,000
	280,000				280,000
	300,000				300,000
	345,000				345,000
	365,000				365,000
	375,000				375,000
	390,000				390,000
	405,000				405,000

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
ENTERPRISE FUNDS - Continued				
Kansas State University - Concluded				
1985 Student Fee Refunding (Note 1)	Dec. 1, 1985 (Series 1985)	Retired	5.50	$ 195,000
		1987	6.00	495,000
		1988	6.35	270,000
		1989	6.70	285,000
		1990	7.00	305,000
		1991	7.20	325,000
		1992	7.40	350,000
		1993	7.60	600,000
		1994	7.80	870,000
		1995	7.90	145,000
Emporia State University K.S.A. Chapter 76, Article 6a				
Men's Residence Hall No. 1	May 1, 1957	1987 - 1997	2.75	150,000
Women's Dormitory No. 2	November 1, 1959	1987 - 2000	3.125	250,000
Women's Residence Hall No. 3	October 1, 1961	Retired	3.00	54,000
		Retired	2.875	98,000
		Retired	3.375	260,000
		1987 - 2001	3.50	888,000
Student Union Annex	October 1, 1961	Retired	2.875	60,000
		Retired	3.375	100,000
		1987 - 1991	3.50	340,000
Women's Dormitory No. 4	April 1, 1962	Retired	3.00	20,000
		Retired	2.75	10,000
		Retired	3.25	10,000
		Retired	3.375	22,000
		Retired	3.50	48,000
		1987 - 1996	3.375	164,000
		1999 - 2001	3.625	57,000
Men's Residence Hall No. 2	May 1, 1964	1987 - 2004	3.625	275,000
Men's Residence Hall No. 3	April 1, 1969	1987 - 2000	3.00	1,100,000
		Canceled	7.25	30,000
		Retired	7.00	30,000
		2001 - 2003	6.50	65,000
		2003	6.75	30,000
		2004 - 2009	7.125	270,000
Student Union Addition	April 1, 1970	Retired	7.00	205,000
		Retired	6.75	130,000
		1987	7.00	70,000
		1988 - 2000	7.25	795,000
Pittsburg State University K.S.A. Chapter 76, Article 6a				
Men's Residence Hall No. 3	October 1, 1955	Retired	3.50	14,000
		Retired	3.75	34,000
		1987	3.50	67,000
Married Students Apartments 1 and 2 and Men's Dormitory No. 4	October 1, 1956	1987 - 1997	2.75	400,000
Student Center Addition	October 1, 1961	Retired	2.50	68,000
		Retired	2.875	74,000
		Retired	3.50	64,000
		Retired	3.00	22,000
		Retired	3.10	24,000
		Retired	3.20	24,000
		Retired	3.25	26,000
		Retired	3.30	26,000
		Retired	3.375	54,000
		1987 - 1992	3.50	334,000
Women's Dormitory and Food Service - Men's Dormitory Addition	April 1, 1965	1987 - 2005	3.75	1,250,000

Note 1 -- During fiscal year 1986 Kansas State University defeased all outstanding bonds by issuing the 1985 Housing System Operations Bonds and 1985 Student Fee Refunding Bonds and transferring monies to the Escrow Trustee, Bank IV of Topeka and Bank IV of Manhattan respectively, sufficient to make purchases of Government Securities to cover principal and interest payments on defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

	Current Transactions				
Bonded Debt Outstanding July 1, 1985	New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	*Bonded Debt Outstanding June 30, 1986
$	$ 195,000	$ 195,000	$ 195,000	$	$ -----
	495,000				495,000
	270,000				270,000
	285,000				285,000
	305,000				305,000
	325,000				325,000
	350,000				350,000
	600,000				600,000
	870,000				870,000
	145,000				145,000
63,000		5,000	5,000		58,000
132,000		7,000	7,000		125,000
-----					-----
-----					-----
-----					-----
700,000		34,000	34,000		666,000
-----					-----
-----					-----
86,000		14,000	14,000		72,000
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
139,000		9,000	9,000		130,000
33,000					33,000
169,000		8,000	8,000		161,000
760,000		40,000	40,000		720,000
-----					-----
-----					-----
85,000					85,000
30,000					30,000
250,000					250,000
-----					-----
-----					-----
70,000		35,000	35,000		35,000
795,000					795,000
-----					-----
-----					-----
8,000		2,000	2,000		6,000
173,000		12,000	12,000		161,000
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
243,000		32,000	32,000		211,000
839,000		30,000	30,000		809,000

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
ENTERPRISE FUNDS - Concluded				
Pittsburg State University - Concluded				
Dormitory and Married Students Apartments	October 1, 1962			
	(Series A)	1987 - 1996	3.125	$ 206,000
	(Series B)	Retired	2.75	40,000
		Retired	3.125	58,000
		Retired	3.25	32,000
		Retired	3.375	74,000
		1987 - 2002	3.50	772,000
University of Kansas K.S.A. Chapter 76, Article 6a				
Housing System Revenue	April 1, 1964			
	(Series A)	Retired	2.75	641,000
	(Series B)	Retired	2.875	936,000
	(Series C)	Retired	3.00	2,312,000
	(Series E)	Retired	4.25	160,000
		Retired	3.75	180,000
		1987 - 1999	3.50	1,690,000
		2000 - 2004	3.60	650,000
University of Kansas Medical Center K.S.A. Chapter 76, Article 8				
Clinical Facility (Note 1)	September 1, 1976	Retired	8.00	5,240,000
		1987 - 1989	6.50	3,265,000
		1990 - 1991	6.75	2,640,000
		1992 - 1993	7.00	3,080,000
		1994 - 1997	7.25	7,775,000
Wichita State University K.S.A. Chapter 76, Article 6a				
Student Union Revenue	February 1, 1960			
	(Series A)	Retired	4.00	122,000
		Retired	3.50	15,000
		Retired	3.875	145,000
		Retired	4.00	255,000
	(Series B)	1987 - 1997	2.875	1,200,000
Student Housing Revenue	October 1, 1960			
	(Series A)	1987 - 1993	2.75	627,000
	(Series B)	Retired	2.875	45,000
		1987 - 2001	3.00	337,000
Student Union Revenue	May 1, 1967			
	(Series C)	Retired	4.50	155,000
		Retired	4.20	235,000
		Retired	4.00	335,000
		1987 - 1999	4.20	1,075,000
Stadium Addition Revenue	July 1, 1969	Retired	4.75	45,000
		Retired	4.625	45,000
		Retired	4.75	340,000
		Retired	4.875	50,000
		1987 - 1989	5.00	270,000
Dormitory Revenue	June 1, 1976	Retired	6.50	75,000
		Retired	6.75	190,000
		1987 - 1989	6.20	380,000
		1990	6.30	80,000
		1991 - 1992	6.50	175,000
		1993 - 1994	6.70	200,000
		1995 - 1996	6.75	310,000
TOTAL ENTERPRISE FUNDS REVENUE BOND INDEBTEDNESS				66,431,000

Note 1 -- During fiscal year 1986 the University of Kansas Medical Center defeased the outstanding Clinical Facility bonds by issuing the 1985 Hospital Refunding Bonds (see Capital Project Funds) and transferring monies to the Escrow Trustee, Security Bank of Kansas City, sufficient to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Bonded Debt Outstanding July 1, 1985	New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
	Current Transactions				
$ 92,000	$	$ 7,000	$ 7,000	$	$ 85,000
-----					-----
-----					-----
-----					-----
-----					-----
559,000		26,000	26,000		533,000
-----					-----
-----					-----
-----					-----
-----					-----
-----					-----
1,350,000		80,000	80,000		1,270,000
650,000					650,000
930,000		930,000	930,000		
3,265,000				(3,265,000)	
2,640,000				(2,640,000)	
3,080,000				(3,080,000)	
7,775,000				(7,775,000)	
-----					-----
-----					-----
-----					-----
-----					-----
714,000		52,000	52,000		662,000
224,000		25,000	25,000		199,000
-----					-----
215,000		10,000	10,000		205,000
-----					-----
-----					-----
30,000		30,000	30,000		-----
1,060,000		30,000	30,000		1,030,000
-----					-----
-----					-----
-----					-----
-----					-----
270,000		50,000	50,000		220,000
-----					-----
-----					-----
270,000		60,000	60,000		210,000
80,000					80,000
175,000					175,000
200,000					200,000
310,000					310,000
44,355,000	8,935,000	2,497,000	2,497,000	(26,597,000)	24,196,000

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
CAPITAL PROJECTS FUNDS				
Kansas Fish and Game Commission K.S.A. 1982 Supp. 32-601 and K.S.A. 32-605				
Fish Hatchery Refunding Bonds (See Section XIII, Note 27)	May 15, 1984	Retired	6.00	$ 100,000
		Retired	6.50	200,000
		1987	7.00	225,000
		1988	7.50	240,000
		1989	8.00	260,000
		1990	8.25	280,000
		1991	8.50	305,000
		1992	8.75	330,000
		1993	9.00	360,000
		1994	9.20	390,000
		1995	9.40	425,000
		1996	9.60	465,000
		1997	9.70	510,000
		1998	9.75	560,000
Fort Hays State University K.S.A. Chapter 76, Article 6a				
Physical Education Building	December 1, 1970	Retired	6.90	670,000
		Retired	6.70	150,000
		1987 - 1988	6.50	1,405,000
		1989 - 1990	6.70	520,000
		1991	6.80	275,000
		1992 - 1994	6.90	990,000
		Canceled	6.90	385,000
		1996	5.50	405,000
University of Kansas Medical Center K.S.A. 76-6a33 and K.S.A. 76-6a34				
Parking Facility (Note 1)	July 1, 1978 (Series 1978)	1987 - 1988	6.50	610,000
		1989 - 1992	6.00	400,000
		1993 - 1996	6.30	500,000
		1997 - 1999	6.50	430,000
		2000	6.60	150,000
		2001 - 2003	6.75	510,000
Medical Library	June 1, 1981	Retired	10.50	35,000
		Retired	10.50	75,000
		1987 - 1988	10.00	215,000
		1989 - 1992	9.50	290,000
		1993 - 1994	9.80	185,000
		1995	9.90	100,000
		1996	10.00	100,000
1985 Hospital Refunding Bonds (Note 2)	December 1, 1985	1987	5.50	930,000
		1988	5.90	1,000,000
		1989	6.30	1,080,000
		1990	6.70	1,165,000
		1991	7.00	1,255,000
		1992	7.20	1,360,000
		1993	7.40	1,480,000
		1994	7.60	1,600,000
		1995	7.80	1,735,000
		1996	7.90	1,880,000
		1997	8.00	2,150,000

Note 1 -- During fiscal year 1986 the Kansas University Medical Center defeased the outstanding Parking Facility bonds by issuing the 1985 Parking Facility Refunding Bonds and transferring monies to the Escrow Trustee, Security Bank of Kansas City, sufficient to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Note 2 -- During fiscal year 1986 the University of Kansas Medical Center defeased the outstanding Clinical Facility bonds by issuing the 1985 Hospital Refunding Bonds (see Capital Project Funds) and transferring monies to the Escrow Trustee, Security Bank of Kansas City, sufficient to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Bonded Debt Outstanding July 1, 1985	New Bonds Issued	Current Transactions Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
$ -----	$	$	$	$	$ -----
200,000		200,000	200,000		-----
225,000					225,000
240,000					240,000
260,000					260,000
280,000					280,000
305,000					305,000
330,000					330,000
360,000					360,000
390,000					390,000
425,000					425,000
465,000					465,000
510,000					510,000
560,000					560,000
-----					-----
-----					-----
685,000		220,000	220,000		465,000
520,000					520,000
275,000					275,000
990,000					990,000
-----					-----
405,000					405,000
250,000				(250,000)	
400,000				(400,000)	
500,000				(500,000)	
430,000				(430,000)	
150,000				(150,000)	
510,000				(510,000)	
-----					-----
-----					-----
165,000		50,000	50,000		115,000
290,000					290,000
185,000					185,000
100,000					100,000
100,000					100,000
	930,000				930,000
	1,000,000				1,000,000
	1,080,000				1,080,000
	1,165,000				1,165,000
	1,255,000				1,255,000
	1,360,000				1,360,000
	1,480,000				1,480,000
	1,600,000				1,600,000
	1,735,000				1,735,000
	1,880,000				1,880,000
	2,150,000				2,150,000

EXHIBIT "D" - Continued

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
CAPITAL PROJECTS FUNDS - Concluded				
University of Kansas Medical Center - Continued				
1985 Parking Facility Refunding Bonds (Note 1)	December 1, 1985	Retired	5.50	$ 35,000
		1987	5.90	65,000
		1988	6.30	75,000
		1989	6.70	75,000
		1990	7.00	85,000
		1991	7.20	85,000
		1992	7.40	95,000
		1993	7.60	105,000
		1994	7.80	110,000
		1995	7.90	120,000
		1996	8.00	120,000
		1997	8.15	130,000
		1998	8.30	135,000
		1999	8.50	145,000
		2000	8.70	150,000
		2001	8.90	160,000
		2002	9.00	175,000
		2003	9.10	60,000
Wichita State University K.S.A. Chapter 76, Article 6a				
1984 Academic and Service Building Refunding Revenue Bonds	Nov. 15, 1984	1987	10.00	300,000
		1988	8.75	170,000
		1989	8.00	185,000
		1990	8.20	200,000
		1991	8.40	220,000
		1992	8.60	235,000
		1993	8.80	260,000
1985 Library Refunding Revenue Bonds	April 1, 1985 (Series A)	Retired	10.00	150,000
		1987	7.25	165,000
		1988	7.00	175,000
		1989	7.25	190,000
		1990	7.50	210,000
TOTAL CAPITAL PROJECTS FUNDS REVENUE BOND INDEBTEDNESS				33,270,000
SUBTOTAL REVENUE BOND INDEBTEDNESS				426,051,000
DEFEASED BOND INDEBTEDNESS				
TRUST AND AGENCY FUNDS				
State Treasurer (Trustee for Defeased Debt) University of Kansas Humanities Building (Note 2)	March 1, 1971	Retired	5.20	140,000
		Retired	5.00	280,000
		Retired	4.50	360,000
		1987	4.75	210,000
		1988 - 1992	5.00	610,000
KU Student Union Addition (Note 2)	Jan. 1, 1966	1987 - 1988	4.625	725,000
		1989 - 1993	4.70	275,000
KU Student Health Facility (Note 2)	June 1, 1972	Retired	4.875	1,590,000
		1987	5.00	180,000
		1988	5.10	180,000
		1989 - 1990	5.20	400,000
		1991 - 1992	5.25	450,000
KU Student Union Annex (Note 2)	Oct. 1, 1958	1987 - 1999	3.00	1,100,000
KU Satellite Union (Note 2)	July 1, 1977	1987 - 1991	5.10	1,110,000
		1992	5.20	130,000
		1993	5.30	140,000
		1994 - 1997	5.40	620,000
TOTAL AGENCY DEFEASED DEBT WITH STATE TREASURER				8,500,000

Note 1 -- During fiscal year 1986 the Kansas University Medical Center deferred the outstanding Parking Facility bonds by issuing the 1985 Parking Facility Refunding Bonds and transferring monies to the Escrow Trustee, Security Bank of Kansas City, to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Note 2 -- Per Trust Agreement in fiscal year 1983 between the Board of Regents and the State Treasurer, these bonds of the University of Kansas were defeased and amounts of money were transferred from the University of Kansas to the State Treasurer acting as trustee sufficient to make purchases of direct U.S. Government obligations to cover principal and interest payments of such bonds. For additional details, see Section XIII, item 26.

Bonded Debt Outstanding July 1, 1985	Current Transactions: New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
$	$ 35,000	$ 35,000	$ 35,000	$	$ -----
	65,000				65,000
	75,000				75,000
	75,000				75,000
	85,000				85,000
	85,000				85,000
	95,000				95,000
	105,000				105,000
	110,000				110,000
	120,000				120,000
	120,000				120,000
	130,000				130,000
	135,000				135,000
	145,000				145,000
	150,000				150,000
	160,000				160,000
	175,000				175,000
	60,000				60,000
300,000		145,000	145,000		155,000
170,000					170,000
185,000					185,000
200,000					200,000
220,000					220,000
235,000					235,000
260,000					260,000
150,000		150,000	150,000		-----
165,000					165,000
175,000					175,000
190,000					190,000
210,000					210,000
12,965,000	17,560,000	800,000	800,000	2,240,000	27,485,000
214,125,000	178,040,000	3,297,000	3,297,000	185,642,000	203,226,000
-----					-----
-----					-----
-----					-----
210,000		100,000	100,000		110,000
610,000					610,000
150,000		50,000	50,000		100,000
275,000					275,000
160,000		160,000	160,000		-----
180,000					180,000
190,000					200,000
400,000					400,000
450,000					450,000
600,000		35,000	35,000		565,000
650,000		90,000	90,000		560,000
130,000					130,000
140,000					140,000
670,000					620,000
4,755,000		435,000	435,000		4,320,000

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
DEFEASED BOND INDEBTEDNESS - Continued				
ENTERPRISE FUNDS				
Kansas State University				
Student Union Annex I (Note 1)	July 1, 1961	Retired	4.00	$ 170,000
		Retired	3.75	320,000
		Retired	4.25	90,000
		1987	4.00	320,000
Married Students Apartments No. 3 (Note 1)	October 1, 1962			
		Retired	3.125	45,000
		Retired	2.50	15,000
		Retired	2.625	40,000
		Retired	2.75	50,000
		Retired	3.125	30,000
		Retired	3.10	65,000
		Retired	3.50	50,000
		Retired	3.25	25,000
		Retired	3.30	15,000
		Retired	3.35	25,000
		1987 - 2003	3.375	600,000
Housing System Revenue (Note 1)	April 1, 1964			
	(Series A)	Retired	2.75	1,210,000
	(Series B)	Retired	2.875	1,790,000
	(Series C)	Retired	2.75	1,062,000
	(Series D)	1987 - 2002	3.375	1,475,000
	(Series E)	1987 - 2000	3.50	730,000
	(Series F)	Retired	4.00	135,000
		Retired	3.00	210,000
		Retired	3.10	170,000
		Retired	3.25	240,000
	(Series G)	Retired	3.75	335,000
		Retired	3.70	150,000
		1987 - 1992	3.50	825,000
		1993 - 1999	3.60	895,000
		2000 - 2004	3.625	775,000
	April 1, 1965 (Series A)	Retired	3.50	20,000
		1987 - 2005	3.75	1,730,000
Building Revenue (Note 1)	April 1, 1966	1987 - 2006	3.00	3,695,000
Stadium Revenue (Note 1)	October 1, 1967	Retired	5.00	120,000
		Retired	4.50	300,000
		Retired	4.375	610,000
		1987 - 1988	4.30	420,000
Student Union Annex II (Note 1)	November 1, 1968	Retired	5.25	790,000
		Retired	4.75	710,000
		Retired	4.875	330,000
		1987 - 1989	5.00	570,000
		1990 - 1994	5.125	1,550,000
Student Recreational Building (Note 1)	May 1, 1977	Retired	5.50	540,000
		1987	5.00	210,000
		1988 - 1991	5.10	490,000
		1992	5.20	130,000
		1993	5.30	130,000
		1994 - 2001	5.50	720,000
University of Kansas Medical Center				
Clinical Facility (Note 2)	September 1, 1976	Retired	6.00	5,540,000
		1987 - 1989	6.50	3,385,000
		1990 - 1991	6.75	1,840,000
		1992 - 1993	7.00	1,085,000
		1994 - 1997	7.25	2,275,000
TOTAL ENTERPRISE FUNDS DEFEASED DEBT				47,890,000

Note 1 -- During fiscal year 1986 Kansas State University defeased all outstanding bonds by issuing the 1985 Housing System Operations Bonds and 1985 Student Fee Refunding Bonds and transferring monies to the Escrow Trustee, Bank IV of Topeka and Bank IV of Manhattan respectively, sufficient to make purchases of Government Securities to cover principal and interest payments on defeased bonds per the trust agreement. For additional details see Section XIII, item 25.

Note 2 -- During fiscal year 1986 the University of Kansas Medical Center defeased the outstanding Clinical Facility bonds by issuing the 1985 Hospital Refunding Bonds (see Capital Project Funds) and transferring monies to the Escrow Trustee, Security Bank of Kansas City, sufficient to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Bonded Debt Outstanding July 1, 1985	New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
		Current Transactions			
$	$	$	$	$	$
				60,000	60,000
		30,000	30,000	721,000	691,000
		40,000	40,000	915,000	875,000
		22,000	22,000	416,000	394,000
		100,000	100,000	736,000	636,000
				890,000	890,000
				775,000	775,000
		40,000	40,000	1,210,000	1,170,000
		75,000	75,000	1,964,000	1,889,000
				320,000	320,000
				570,000	570,000
				1,550,000	1,550,000
		130,000	130,000	260,000	130,000
				490,000	490,000
				170,000	170,000
				170,000	170,000
				720,000	720,000
				3,265,000	3,265,000
				2,640,000	2,640,000
				3,080,000	3,080,000
				7,775,000	7,775,000
		437,000	437,000	28,597,000	28,160,000

EXHIBIT "D" - Concluded

REVENUE BOND INDEBTEDNESS
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Interest Rate %	Amount of Issue
DEFEASED BOND INDEBTEDNESS - Concluded				
CAPITAL PROJECTS FUND				
University of Kansas Medical Center				
Parking Facility (Note 1)	July 1, 1978 (Series 1978)	1987 - 1989	6.50	$ 610,000
		1990 - 1993	6.00	400,000
		1994 - 1997	6.30	500,000
		1998 - 2000	6.50	430,000
		2001	6.60	150,000
		2002 - 2004	6.75	510,000
Wichita State University				
1960 Library Revenue (Note 2)	June 4, 1960	1987 - 1990	5.00	3,600,000
1971 Academic and Service Building Revenue (Note 3)	June 1, 1971	Retired	6.00	150,000
		Retired	5.50	1,475,000
		1987 - 1990	6.00	1,125,000
		1991 - 1992	*6.10	650,000
TOTAL CAPITAL PROJECTS FUNDS DEFEASED DEBT				9,600,000
SUBTOTAL DEFEASED DEBT				65,19
TOTAL ALL FUNDS REVENUE BOND INDEBTEDNESS				$ 493,24

Note 1 -- During fiscal year 1986 the Kansas University Medical Center deferred the outstanding Parking Facility bonds by issuing the 1985 Parking Facility Refunding Bonds and transferring monies to the Escrow Trustee, Security Bank of Kansas City, to make purchases of Government Securities to cover principal and interest payments on the defeased bonds per the trust agreement. For additional details see Section XIII, item 26.

Note 2 -- Per Trust Agreement in fiscal year 1985, the 1960 Library Revenue Bonds were defeased by issuing the 1985 Library Refunding Revenue Bonds and transferring amounts to the Escrow Trustee, Southwest National Bank of Wichita, sufficient to make investments in government securities to cover interest and principal payments of the 1960 Library Revenue Bonds. Prior to the 1960 Library Revenue bond payment dates the Escrow Trustee is to transfer monies to the 1960 Library Bond and Interest Sinking Fund from which the interest and principal payments are to be made on the defeased debt. For additional details, see Section XIII, item 26.

Note 3 -- Per Trust Agreement in fiscal year 1985 between the Board of Regents and the Southwest National Bank of Wichita as Escrow Trustee, the 1984 Academic and Service Building Refunding Revenue Bonds were issued to advance refund and defease the 1971 Academic and Service Building Revenue Bonds. The proceeds of the Series 1984 Bonds went to the Escrow Trustee together with other monies transferred sufficient to make investments in U.S. Government obligations to cover principal and interest payments of the Series 1971 Bonds. Prior to the 1971 Series bond payment dates the Escrow Trustee is to transfer monies to the 1971 Academic and Service Building Bond and Interest Sinking Fund from which the interest and principal payments are to be made. See Section XIII, item 26 for additional details.

Bonded Debt Outstanding July 1, 1985	Current Transactions New Bonds Issued	Principal Due	Principal Paid	Bonds Transferred by Defeasance	Bonded Debt Outstanding June 30, 1986
$	$	$	$	$ 250,000	$ 250,000
				400,000	400,000
				500,000	500,000
				450,000	450,000
				150,000	150,000
				510,000	510,000
1,195,000		190,000	[illegible]		[illegible]
-----					-----
150,000		150,000	[illegible]		-----
1,125,000					1,125,000
650,000					650,000
1,320,000		440,000	440,000	[illegible]	[illegible]
6,077,000		[illegible]	[illegible]	[illegible]	[illegible]
$ [illegible]	$[illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

EXHIBIT "E"

LOANS OUTSTANDING
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Loan	Future Fiscal Year of Maturities	Interest Rate %	Original Loan Amount
SPECIAL REVENUE FUND				
Department of Social and Rehabilitation Services K.S.A. 75-5342 Adult Care Homes Lawsuit Settlement Fund (Note 1)	June 30, 1985	1989	8.18	$ 12,000,
INTRAGOVERNMENTAL SERVICE FUND				
Department of Administration K.S.A. 75-3650 State Buildings Operating Fund-900 Jackson Street (Santa Fe Building) Purchase (Note 2)	March 11, 1983	1988 - 2007	7.90	11,245,
Department of Administration - Division of Printing K.S.A. 75-3676 Intragovernmental Printing Service Fund-Printing Plant Construction Loan Repayment (Note 3)	July, 1984 April, 1985	1987 - 2010	Adjusted Annually	3,656,
Department of Corrections-Correctional Industries HB 3049, 1986 Session Correctional Industries Fund-Real Estate Acquisition (Note 4)	May, 1986	1987 - 1996	Adjusted Annually	175,

Note 1 -- The loan amount bears interest at a rate equal to the rate of interest being paid on state inactive account monies at the time of making such loan which was 8.18% interest. Any money received from the federal government for reimbursements of amounts paid in settlement of the lawsuit, Country Club Home, Inc. et al v. Robert C. Harder, as Secretary of Social and Rehabilitation Services, is to be deposited into the Adult Care Homes Lawsuit Settlement Fund and a loan payment is to be made from this fund to the Pooled Money Investment Board. The loan principal and interest is to be paid on or before July 1, 1988. For additional information see Section XIII, item 25B.

Note 2 -- The first interest payment is due on September 1, 1986. On September 1, 1987 and each July 1 thereafter through 2006, principal payments in the amount of $562,250 and interest payments on the unpaid principal are due. The entire loan amount can be repaid at any time in the event it is decided to issue revenue bonds. For additional information see Section XIII, item 25A. (Formerly classified under Capital Projects Fund.)

Note 3 -- $285,000 was transferred from the Printing Plant Construction Fund to the Pooled Money Investment Board on June 30, 1986, representing monies in the original loan advance that were not required for construction. Interest expense will be calculated on the original loan advance for the period January 1, 1986 to June 30, 1986. Commencing on January 1, 1986 the loan shall bear interest at a rate of 8.8% for calendar year 1986 and each year thereafter the rate of interest shall be fixed on January 1 of such year at the rate being paid on state inactive bank accounts. Commencing in calendar year 1986, the principal and interest of the loan amounts are to be repaid in payments payable at least annually for a period of not more than 25 years. The repayment amounts are to be recomputed each year to reflect the new interest rate and shall be calculated each year on a substantially level payment basis based on a total original amortization period of 25 years. For additional information see Section XIII, item 25C.

Note 4 -- Commencing on May 29, 1986 the loan shall bear interest at a rate of 6.9% for the first year and each year thereafter the rate of interest shall be fixed on the anniversary date of the loan at a rate equal to the rate being paid on state inactive bank accounts. Commencing in fiscal year 1987, the principal and interest of the loan amounts are to be repaid in payments payable at least annually for a period of not more than 10 years. The repayment amounts are to be recomputed each year to reflect the new interest rate and shall be calculated each year on a substantially level payment basis based on a total original amortization period of 10 years. For additional information see Section XIII, item 25D.

	Current Transactions			
Loans Outstanding July 1, 1985	New Loans	Principal Due	Principal Paid	Loans Outstanding June 30, 1986
$ 12,000,000	$	$	$ 4,157,048	$ 7,842,952
11,245,000				11,245,000
3,856,900	(285,000)			3,571,900
	175,000			175,000

EXHIBIT "F"

CERTIFICATES OF PARTICIPATION
JUNE 30, 1986

DESCRIPTION OF LOAN (By Fund Class and Agency)	Date of Issue	Future Fiscal Year of Maturities	Original Principal Amount
CERTIFICATES OF PARTICIPATION ISSUE			
CAPITAL PROJECTS FUND			
Department of Administration K.S.A. 75-37,101 1985 Certificates of Participation Lease Payment Fund-Computer Equipment (Note 1)	October, 1985	1987 - 1996	$ 59,47[illegible]
PUBLIC LEASING CORPORATION CERTIFICATE OF PARTICIPATION FINANCING AGREEMENT			
SPECIAL REVENUE FUND			
University of Kansas Medical Center K.S.A. 75-37,101 University of Kansas Hospital Fund-Lease-Purchase Nuclear Magnetic Resonance Imaging System (Note 2)	June, 1985	1987 - 1990	2,009,4[illegible]
INTRAGOVERNMENTAL SERVICE FUND			
Department of Administration K.S.A. 75-37,101 Computer Services Depreciation Reserve Fund Fund (Note 3)	October, 1984	Paid out	1,71[illegible]

Note 1 -- Principal and interest is payable semiannually on October 1 and April 1 in each year, the same interest rates applies to all certificates of the same maturity. The initial maturity payment was made on April 1, 1986 at the interest rate of 5.25%. For additional information, see Section XII, Item 28.

Note 2 -- A fiscal year 1985 lease with option to purchase agreement with funding provided by a third party issuance of certificates was made between the University of Kansas Medical Center and Public Leasing Corporation which included 60 monthly rental payments of $39,080. For additional information, see Section XIII, Item 28.

Note 3 -- A fiscal year 1985 lease with option to purchase agreement with funding provided by a third party issuance of certificates was made between the Department of Administration, Division of Information Systems and Communications and Public Leasing Corpration which included 48 monthly rental payments of $40,925. Monies from the 1985 Certificates of Participation issue were used to exercise the purchase option with Public Leasing Corporation. For additional information, see Section XIII, Item 28.

Principal utstanding y 1, 1985	New Certificates Issued*	Principal Due	Principal Paid	Principal Outstanding June 30, 1986
		Current Transactions		
	$ 29,470,000	$ 980,000	$ 980,000	$ 28,490,000
,004,428		349,999	349,999	1,654,429
1,458,444			1,458,444	---

WATER SUPPLY STORAGE IN FEDERAL MULTIPURPOSE RESERVOIRS
PRINCIPAL BALANCE AND ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 1986

EXHIBIT "G"

Reservoir	June 30, 1986 Principal Balance	June 30, 1986 Principal Balance Future Use (Pmt. Deferred)*	Principal and Interest Paid FY 1986	Interest Rate Percent	No. of Years Principal Paid to Date
Big Hill*	$ 2,681,403	4,499,164	$ 60,184	4.012	6
Clinton**	3,771,356	2,582,274	182,843	3.502	7
Council Grove	1,249,515	---	52,200	2.699	11
Elk City	1,836,827	---	77,272	2.742	11
Hillsdale*	3,340,830	20,193,029	102,363	4.012	5
John Redmond	3,733,491	---	157,580	2.670	12
Marion	1,393,564	---	59,974	3.046	9
Milford	183,934	11,012,271	455,986	2.632	10
Perry	0	8,167,596	347,267	3.046	8
	$18,190,920	$46,454,334	$1,495,669		

Additional information is provided in financial note number 24 found in Section XIII, Notes to the Financial Statements.

*The State of Kansas is not required to make payment on the future use portion of the storage space until the state calls it into use.

**The final costs have not been computed by the federal government, but the principal shown herein has been revised to reflect updated estimates made in 1983 by the Corps of Engineers. However, annual debt service payments have continued to be made on the original (lower) cost estimates. The current payment does not cover the annual interest on the updated principal which adds to the principal.

EXHIBIT "H"

MISCELLANEOUS LONG-TERM OBLIGATIONS OUTSTANDING JUNE 30, 1986

DESCRIPTION OF OBLIGATION (By Fund Class and Agency)	Obligations Outstanding June 30, 1986
STATE GENERAL FUND/SPECIAL REVENUE FUND	
Department of Social and Rehabilitation Services	
State General Fund/Federal Formula Grants Fund-Payments to St. Francis Regional Medical Center, Wichita (Note 1)	$ 1,850,000
TRUST AND AGENCY FUND	
Department of Administration	
State Workmen's Compensation Self-Insurance Fund-Claims Payments (Note 2)	$ 6,216,360

Note 1 -- Commencing in July, 1986, monthly payments of $77,083.33 are to be made to St. Francis Regional Medical Center, Wichita for a period of twenty-four consecutive months. These payments are pursuant to a stipulated settlement agreement in regard to alleged underpayments for services provided by St. Francis to qualifying clients. All payments are to be paid through a third party reimbursement contractor (EDS Federal System). For additional information, see Section XIII, item 17.

Note 2 -- The State, as self-insurer, provides for statutory workers' compensation and medical payments of state employees injured in the line of duty. The present value of future payments on reported claims is the estimated amount as shown above; of this amount $2,437,688 is projected as fiscal year 1987 obligation. For additional information, see Section XIII, item 16.

SECTION XIII

NOTES TO THE FINANCIAL STATEMENTS

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State of Kansas
Notes to the Financial Statements
For the Year Ended June 30, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared to the extent possible in accordance with generally accepted principles of governmental fund accounting. The accompanying financial statements are prepared from fund and account records maintained by the Division of Accounts and Reports and include all funds required by statute to be deposited and disbursed through the State Treasury by the various boards, commissions, authorities and state-spending agencies which are subject to legislative review and annual appropriation. Also included in the Combined and Fund Class Balance Sheet Statements are the following items, although they are not deposited and disbursed through the State Treasury: (1) monies locally held in trust for inmates, clients and members confined at state institutions; (2) authorized agency imprest funds; (3) institutional canteen funds; (4) patient's benefit funds; (5) deferred compensation plan assets held by third party administrator; (6) investment activities of the Department of Administration, Kansas Fish and Game Commission, Department of Transportation, Kansas Public Employees Retirement System, Department of Health and Environment, Real Estate Commission and the University of Kansas Medical Center; and (7) activities related to Fish Hatchery Revenue Bonds which are also included in the General Long-Term Obligations Account Group (Section XII). The investment activities are also shown in the other statements with corresponding expenditures removing the amounts outside the State Treasury from the fund balances. Exclusions from these financial statements are the following items which are outside the State Treasury: (1) certain locally collected custodial funds; (2) student union, athletic, cafeteria, foundation and endowment funds of the state supported universities; (3) Kansas Turnpike Authority and (4) district court funds.

B. FUND ACCOUNTING

The financial activities of the state are organized and accounted for on the basis of individual funds segregated for the purpose of carrying on specific activities or obtaining certain objectives in accordance with statute, specific regulations, restrictions or limitations. These individual funds and financial activities have been classified into the following fund categories and account group: (1) State General Fund, (2) Federal Revenue Sharing Fund, (3) Special Revenue Funds, (4) Highway Funds, (5) Capital Projects Funds (6) Enterprise Funds, (7) Intragovernmental Service Funds, (8) Trust and Agency Funds (Employment Security Funds and Retirement Funds are included in this class, but shown separately), (9) Clearing, Refund and Suspense Funds, (10) State Payroll Clearing Fund and (11) General Long-Term Obligations Account Group. The State General Fund, Federal Revenue Sharing Fund, Special Revenue Funds, Highway Funds and Capital Projects Funds represent Governmental Fund Types. The Enterprise Funds and the Intragovernmental Service Funds represent Proprietary Fund Types. The Trust and Agency Funds, Clearing, Refund and Suspense Funds and the State Payroll Clearing Fund represent Fiduciary Fund Types. An explanation of each fund class utilized in this report is included on the reverse side of the title page for each fund class section.

C. BASIS OF ACCOUNTING

The financial statements contained in this report are prepared on the modified accrual with encumbrance modification basis for the Governmental, Proprietary, and Fiduciary type funds. Approximately ten days is allowed after the close of each fiscal year to record all revenues, expenditures and encumbrances applicable to the period being closed. This allows for more accurate recording and reporting of the financial activities.

Revenues are recognized when they are measurable and available to finance current expenditures. Recognition and reporting occurs when the cash receipts are deposited into the State Treasury. This basis is used for self-assessed taxes, grants, fines, fees and all other items of revenue. Estimated taxes receivable from levies on ad valorem property are recorded and recognized in the balance sheets' statements in this report.

Expenditures as used in the accompanying financial statements are based upon the actual amount of warrants issued and interfund transactions processed during the fiscal reporting period. This differs from the basis used in budgetary documents, which treats as expenditures monies reserved in the form of encumbrances for the payment of contracts, leases, orders and other types of obligations.

Encumbrances as used in the accompanying financial statements represent amounts of current or prior years' appropriations or fund balances which have been reserved for the eventual payment of goods or services provided or ordered prior to the closing date of the fiscal year. The amounts reported as encumbrances in the accompanying financial statements represent both items which constitute actual liabilities for which payment warrants were not issued by the closing of the fiscal year, and actual orders placed for goods or services on or before the closing date of the fiscal year. These amounts have not been considered as expenditures in the accompanying financial statements, but are shown as other obligations for which a corresponding amount of fund balance has been reserved.

2. EQUITY IN STATE TREASURER'S COMMON CASH FUND

Monies in the State Treasury are in a "common cash pool". The following items represent the total "Equity in State Treasurer's Common Cash Fund":

Cash Items	$ 65,868.91
Cash in Transit (FY 1986 receipts collected by state agencies on or before June 30, 1986, and deposited with State Treasurer from July 1 through July 15, 1986)	53,816,997.18
Cash in Active Accounts	1,154,900.51
Invested in Repurchase Agreements	127,000,000.00
Invested in Time Deposit Open Accounts (Active Accounts)	10,000,000.00
Invested in Inactive Bank Accounts	407,285,000.00
Loans Receivable:	
Department of Administration	
Purchase of Santa Fe Facility	11,245,000.00
Construction of State Printing Plant	3,571,900.00
Department of Social and Rehabilitation Services	
Adult Care Homes Lawsuit Settlement	7,842,652.00
Department of Corrections	
Purchase of Property in Jefferson County, Kansas	175,000.00
	$622,157,318.60

3. FIXED ASSETS

Land, buildings, equipment, capital improvements and infrastructure assets are recorded as expenditures at the time of payment for their purchase or construction. Currently, these assets are not reflected on the state's balance sheets, but fixed asset records are maintained at cost through the use of agency and central accounting records primarily to insure accountability. Depreciation is not recorded on the central accounting records, but generally is maintained at the state agency level for proprietary fund type assets in conjunction with the establishment of service rates. Donated fixed assets are added to the fixed assets accountability records at their fair market value at the time of donation.

4. LEASED ASSETS

Payments made for leased assets are recorded as expenditures over the lease term as they are paid whether or not the property rights extend beyond the current fiscal reporting period. The recognition of capital leases as an asset and an obligation at the beginning of the lease term is not currently practiced, and is not reported in the accompanying financial statements. Payments made under lease-purchase options are recorded as rental expense until the purchase option is exercised, at which time the total payments to date are reflected as an addition to the fixed assets accountability records. Payments made on installment purchases for capital items are recorded at the time of payment as an addition to the fixed assets accountability records. For more information concerning lease purchase agreements, see item 26 of this section concerning certificate of participation financing.

5. INVENTORIES

Purchases of materials and supplies are treated as expenditures for all fund types when payment is made. No amounts for inventories are reported in the Balance Sheets.

6. DEFERRED CHARGES/PREPAID EXPENSES

In all fund types, the item is recorded as an expenditure when payment is made. No amounts for these items are included in the Balance Sheets.

7. DEFICIT FUND BALANCES

Some of the individual funds included in the accompanying financial statements will reflect a negative unencumbered cash balance. This occurs as a result of the accounting practice to record orders for supplies, materials and equipment, services and other contractual obligations and construction contracts at the time the order or contract is let contingent upon the receiving of cash by the time actual payments become due. Generally, this deficit condition exists in the State Highway Fund and other Special Revenue Funds where federal grant cash cannot be drawn until payments are due to be made.

8. SALARIES AND WAGES

For budget and accounting purposes, salary payments by state law are charged to the fiscal year in which the last day of the payroll period occurs. The majority of the state's officers and employees are paid on a monthly basis for a period commencing on the eighteenth of one month through the seventeenth of the following month. Since costs for the payroll period commencing on June 18th are considered obligations of the succeeding fiscal year, no accrual of salary costs for the period from June 18-30 are reflected in the accompanying financial statements for this group of employees. Costs covering payroll periods ending June 30 are reflected as either expenditures or encumbrances in the accompanying financial statements for (1) Plant employees of the Division of Printing of the Department of Administration, (2) certain unclassified employees of universities where the major responsibility is teaching, (3) members and employees of the State Legislature, (4) Insurance companies' examiners of the State Insurance Department and (5) any state agency abolished at June 30 by law. The salary cost for officers and employees of the University of Kansas Medical Center for the bi-weekly payroll period ending June 28, 1986 is reflected in the accompanying financial statements as expenditures or encumbrances.

9. SICK LEAVE ACCUMULATIONS

It is the current policy to record the cost of sick leave accumulations as a current expenditure at the time of payment based upon the current pay rate at the time of usage or upon retirement. Sick leave is generally earned by employees on the basis of one day per month with unlimited accumulation and is paid when an employee is absent due to personal or family illness. Sick leave used for family illness is limited to forty hours per year. Payment is made to a retiring employee for a portion of the accumulated sick leave if the accumulation exceeds 100 or more days. The portion paid is dependent upon the total number of accumulated days and years of service. The minimum amount payable is 30 days and the maximum is limited to 60 days. All such costs are recorded as current expenditures at the time of payment.

10. ANNUAL LEAVE ACCUMULATIONS

It is the current policy to record the cost of annual leave accumulations as a current expenditure at the time of payment, based upon the current pay rate at the time of usage or upon termination of employment. Classified employees earn maximum annual leave ranging from 8 to 14 hours per month, depending upon length of service. Maximum accumulations range from 144 to 240 hours depending upon length of service. Annual leave accumulations for unclassified employees are similar, but vary between state agencies. In all cases, the present policy is to fund these payments on a "pay as you go" basis.

11. EMPLOYEES GROUP HEALTH INSURANCE

For FY 1986, the group health insurance program offered several options of benefit coverage for state officers and employees. The Health Care Commission contracted with Blue Cross-Blue Shield of Kansas (BC-BS) for the traditional statewide medical and dental health insurance program; and with seven Health Maintenance Organizations (HMO), in nineteen geographic service areas, for an alternative delivery system. Under the program, employees living in geographic areas where HMOs are located, may select either BC-BS coverage or HMO coverage; in some areas, only BC-BS is available. For eligible full-time employees, the state agency pays the single premium to the carrier selected by the employee if the premium is the same as, or less than, the statewide BC-BS premium. If the HMO single premium is higher than the statewide BC-BS premium, the employee pays the difference through payroll deduction. Employees may also purchase insurance coverage for eligible dependents and pay the premiums through payroll deduction. For part-time employees, the state agency pays 75% of the statewide single medical and dental premium.

The FY 1986 contract is a 17-month contract effective August 1, 1985 through December 31, 1986. The August 1, 1984 through July

31, 1985 contract and the August 1, 1985 through December 31, 1986 contract with BC-BS contain provisions for the refund to the Health Care Commission of any excess premium and investment income over and above a fixed percentage charge on premium income for administration and reserve purposes and actual claims allowed. The August 1, 1984 through July 31, 1985 traditional contract with BC-BS is estimated to generate approximately $3 million surplus which was allocated as follows: One million dollars was allocated to reduce the dependent premium rates $10 per month, per contract from the bid rate for August 1, 1985 through December 31, 1986. Under the terms of the contract, if a loss is incurred, BC-BS will be entitled to use any or all of the one million dollars up to the bid rate. Losses have been incurred on the contract, and if that trend continues, the one million dollars will be paid to BC-BS. The remaining estimated two million dollar surplus will be allocated to supplement collections from agency budgets. Final settlements on the August 1, 1984 through July 31, 1985 contract will be made in August, 1987.

A Flexible Compensation Plan (Plan) was initiated in July, 1986. This Plan permits eligible state officers and employees to pay their portion of group health insurance premiums with pretax dollars and thus reduce the amount of gross income reported for Federal income tax purposes.

12. RETIREMENT AND PENSION SYSTEMS AND PLANS

A. KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Kansas Public Employees Retirement System (KPERS) is a body corporate and an instrumentality of the state. KPERS is an umbrella organization which administers three state-wide coverage groups which contains various subgroups. The state-wide coverage groups are (1) the Kansas Public Employees Retirement System (KPERS), (2) Kansas Police and Firemen's Retirement System (K P & F), and (3) Retirement System for Justices and Judges. All of the coverage groups are defined benefit contributory plans which cover substantially all of the employees of the state of Kansas and units of local government in Kansas. The retirement system reserves are funded by member contributions of between 4% and 7% of compensation, employer contributions and investment income. State law provides that the employer contribution rates for all KPERS coverage groups be determined from year to year using the full funding method. This includes the current costs each year and the amortization over a 40-year period (20 years if so elected by K P & F employers) beginning in 1962 for the past service liability. The rates are determined annually by the system's actuary using the "entry age normal, with frozen initial liability" actuarial method. All local units of government electing to participate (which is irrevocable) on or after January 1, 1982 must pay its own prior service cost and this cost must be paid in full by no later than December 31, 2022.

As of June 30, 1985, (the latest date for which information is available), the actuarial liability for prior service benefits was calculated at $378,260,100 for the several coverage groups. This represents an increase over the reported amount of $367,300,000 at June 30, 1984 and is attributed to legislation which improved past service benefits and increased the past service liability to participating employers. This prior service liability amount is not reflected in the accompanying financial statements. The breakdown of this liability by each retirement system or major coverage groups follows:

Kansas Public Employees Retirement System-Non-School	$ 64,480,000
Kansas Police and Firemen's System	75,161,000
Kansas Public Employees Retirement System-School	222,717,900
Kansas Public Employees Retirement System-TIAA	12,939,800
Kansas Retirement System for Judges	2,961,400
Total Unfunded Past Service Liability, June 30, 1985	$378,260,100

Group life insurance and long-term disability coverage is provided for all coverage groups and is funded entirely by employer contributions at a rate established by statute at .6% of covered payroll. All active KPERS members under age 70 and all state employees prior to becoming eligible for a covered group (except K P & F members) are covered by the group life insurance contract. Active KPERS members under age 70 and all state employees prior to becoming eligible for a covered group are also covered under the disability income contract. Certain employees of the State Board of Regents and state educational institutions, although not under KPERS for their basic retirement coverage, are covered under provisions of the group life insurance and long-term disability coverage.

B. OTHER RETIREMENT PLANS

Faculty and certain other employees of the State Board of Regents or educational institutions under its management may elect to become members of KPERS or be assisted by the State Board of Regents in the purchase of retirement annuities. The basic retirement plan carriers authorized by the Board include the Teachers Insurance Annuity Association and College Retirement Equity Fund (TIAA-CREF), AETNA Life Insurance Company, Lincoln National Pension Company and Union-Mutual Pension and Insurance Corporation.

The employees which are assisted by the State Board of Regents in the purchase of a retirement annuity are required to contribute 5% of their salary toward the purchase of their retirement annuity. During fiscal year 1986 the employer also had to contribute 6% but the employer's contribution was increased to 7% on July 1, 1986.

The faculty and certain other employees of the State Board of Regents or educational institutions who have elected assistance by the State Board of Regents may also elect to voluntarily participate in the tax sheltered annuity provisions of Internal Revenue Code of 1954 as amended, to the maximum amount allowed and that portion of the employee's compensation in an annuity contract will not currently be taxed. This voluntary tax sheltering of more than 5% of the member's salary allows the member to purchase a tax-sheltered annuity contract as a supplement to the basic retirement program.

13. DEFERRED COMPENSATION PLAN

The state began a voluntary deferred compensation program as authorized by IRS Code Section 457 on July 1, 1980. Salary reduction agreements are made with eligible employees whereby prescribed amounts are withheld from the employees pay and remitted to the Trustee, Aetna Life Insurance and Annuity Company which invests them in eligible Annuity products, in accordance with the investment instructions of the employees. The deferred compensation is not available to employees until termination or retirement from employment, death, or unforeseeable emergency. The assets in the plan remain the property of the state until paid or made available to participants, subject only to the claims of the state's general creditors. It is unlikely the state will use the assets to satisfy claims of the general creditors. Although the state retains ownership of the deferred compensation fund, it assumes no liability for the investment results or for the ultimate payment of benefits. At June 30, 1986, the insurance company held $41,034,988.49 (market value) in trust for individual accounts of state employees participating in the deferred compensation program. Following is a summary of the deferred compensation plan activity for fiscal year 1986.

Fund Assets (at market value) July 1, 1985	$30,449,287.71
Deferrals of Compensation	7,658,225.60
Earnings and Adjustments to Market Value	4,254,303.01
Payments to Eligible Participants	<1,272,092.83>
Administrative Expenses	<54,735.00>
Fund Assets (at market value) June 30, 1986	$41,034,988.49

14. INVESTMENTS

Investments are reflected in the accompanying financial statements on an accrual basis for the Kansas Public Employees Retirement Fund and on the cost basis for certain other funds that are statutorily authorized to be separately invested. Other monies in the "common cash pool" in the State Treasury, not immediately needed for the payment of liabilities in the form of warrants (checks), may be invested under provisions of statute by the Pooled Money Investment Board (PMIB). These invested amounts are not separately stated in the Balance Sheets, but are included in the "Equity in State Treasurer's Common Cash Fund" designation under the appropriate Fund Class.

Bank balances of the state treasurer's common-cash fund (See Note 2 of this section) as well as certain other agency monies not part of the common cash fund, but invested through PMIB are pooled for securing purposes. Balances are fully secured, as required by statute, through a combination of F.D.I.C. insurance and collateral which is held directly by the state treasurer, or in joint custody by Kansas banks approved by PMIB or the federal reserve bank. Securities pledged as collateral consist of 1) direct obligations of, or obligations insured by the United States government or any U.S. government agency, 2) Kansas municipal bonds, 3) Revenue bonds of any agency or arm of the state of Kansas, and 4) general obligation temporary notes, and approved warrants payable from proceeds of mandatory tax levies from any municipal corporation or quasi-municipal corporation within the state of Kansas.

Monies available for deposit are authorized by statute to be invested in repurchase agreements of direct obligations of, or obligations insured by the United States government, or agency thereof.

15. UNEMPLOYMENT CONTRIBUTIONS

The state of Kansas is a reimbursing employer as concerns unemployment contributions to the Employment Security Fund, and as such makes quarterly payments at a previously determined fiscal year rate. The fiscal year rate is expressed as a percentage of covered total wages and is the same for all state agencies for the fiscal year determined. Due to this method of contribution to the Employment Security Fund by the various state agencies, benefit payments made during a fiscal year to former state employees may exceed the state's computed available share of the fund balance and result in a negative balance or liability. It is also possible that benefit payments made during a fiscal year to former state employees may be less than the state's computed available share of the fund balance and result in a positive balance or asset.

The fund reflects a positive balance of $2,494,582.90 as of June 30, 1986. This balance includes the state's payment for the quarter ending June 30, 1986 in the amount of $390,053.62 which was remitted July 31, 1986. This money was available in the Department of Administration's Unemployment Compensation Tax Clearing Fund but the payment had not been made to the Employment Security Fund as of June 30, 1986. Due to the financial reporting method currently employed by the state of Kansas, potential liabilities or cash assets in funds of this type are not recognized in the accompanying financial statements.

16. WORKERS' COMPENSATION

Effective July 1, 1974, the state provided for the statutory workers' compensation and medical payments of state employees injured in the line of duty by becoming self-insured. The State Workmen's Compensation Self-Insurance Fund was established at that time for the payment of claims and other costs associated with administering the program. An assessment rate is determined annually and applied to state agencies' payrolls. Monthly transfers are made from the several state agency operating funds to the State Workmen's Compensation Self-Insurance Fund. Due to inadequate assessment rates in previous fiscal years, a loan in the amount of $550,000 from the State General Fund was necessary during the 1985 fiscal year in order to effect payment of current claims. Effective with state agency payrolls paid after June 30, 1985, the assessment rate was increased from .4% to .7% and is expected to remain in effect through June 30, 1987. The increased assessment rate provided sufficient funds during the 1986 fiscal year to permit the repayment of the loan from the State General Fund and to effect payment of current claims. The available balance of the fund was $161,417 and the present value of future payments on reported claims is estimated at $6,216,360 at June 30, 1986. It is estimated that of the $6,216,360 in reported claims an amount of $2,437,688 may be paid in the 1987 fiscal year with the remainder to be paid in future years. The entire amount of $6,216,360 is reported in the General Long-Term Obligations Account Group (Section XII of this report).

17. CLAIMS AND JUDGMENTS

The state, its agencies and employees are parties to various legal proceedings and claims many of which normally recur in governmental operations. Numerous claims involve state warrants not timely presented for payment, property damages and losses by inmates of state institutions, employees or others and vendors providing goods or services for which payment or reservation of funds did not occur within the fiscal year in which such goods or services was provided. Based on historical experience, the amount of such claims is not material in amount.

Claims involving tort actions and other legal proceedings against the state, its agencies and employees have been filed. The ultimate dispositions and consequences of these proceedings cannot be presently determined, but in the opinion of the Attorney General there are no actions likely to have a material, adverse impact on the financial position of the affected funds of the state. A claim filed against the Department of Social and Rehabilitation Services (SRS) by St. Francis Regional Medical Center of Wichita, Kansas for services provided to beneficiaries of the Medicaid program for the period from July 1, 1983 through June 30, 1986 was settled by agreement and order dated April 25, 1986. Under terms of the agreement and order, the Department of SRS is obligated to make payments totaling $1,850,000 and complete its payment no later than June 30, 1988 for prior services rendered. This liability is reported in the General Long-Term Obligations Account Group (Section XII of this report). Participation in the liquidation of this obligation by the federal government is expected, but the amount of such participation is unknown at this time.

Claims arising out of employment include worker compensation and unemployment. Further information on the unemployment compensation program is found in note 15 and the worker compensation program in note 16.

18. PROPERTY AND CASUALTY INSURANCE

State agencies are not allowed to purchase or carry insurance on any property owned by the state or its agencies except as expressly and specifically authorized by statute.

The exceptions authorized by statute are extremely limited in number and scope and are basically due to requirements of bond or trust agreements and Federal grants, and to the unique nature of some of the enterprise operations at the various Regents' institutions. The limited scope of these exceptions makes them relatively immaterial in nature.

The state makes no provision for anticipated losses in the event of involuntary conversions; however, a portion of the Self-Insurance Reserve Fund and the State Emergency Fund balances could be utilized in the event of an emergency. The state has had no problem in resolving past losses through utilization of resources available at the time the loss occurred.

19. CONTINGENT LIABILITY FOR RAILROAD REHABILITATION LOAN GUARANTEE

During fiscal year 1984 the Kansas Secretary of Transportation, the Federal Railroad Administration and the Mid-States Port Authority executed a "Conditional Guarantee Agreement" which obligates the state under certain conditions. This agreement was entered into in order that monies could be loaned by the Administrator of the Federal Railroad Administration to the Mid-States Port Authority for the acquisition and rehabilitation of railroad facilities from the trustee of the Chicago, Rock Island and Pacific Railway Company. Pursuant to 505(h) of the Railroad Revitalization and Regulatory Act of 1976 the Federal Railroad Administrator agreed to purchase up to $18,000,000 principal amount of notes issued by the Mid-States Port Authority and secured by a Mortgage and Trust Agreement. Kyle Railways, Inc. has entered into a guarantee agreement by which Kyle Railways, Inc. has guaranteed all obligations of the Mid-States Port Authority to the Federal Railroad Administrator and the stockholders of Kyle have pledged their outstanding shares to the Federal Railroad Administrator as partial consideration for the purchase of the notes by the Federal Railroad Administrator. In order that the Federal Railroad Administrator purchase the notes, the Kansas Secretary of Transportation partially and conditionally guaranteed such payment obligations of the Mid-States Port Authority. In the event of a default, the Kansas Secretary of Transportation agreed under certain conditions to pay to the Federal

Railroad Administrator 50% of the loss to the Federal government on the balance of the notes including principal and interest less 50% of the net amount of any assets the Federal Railroad Administrator could collect from other parties that would be applied to the payment of the principal balance of the notes. The default payment by the Department of Transportation would be contingent upon appropriations by the Legislature to the Railroad Rehabilitation Loan Guarantee Fund.

The federal loan to Mid-States Port Authority passed through the State Treasury in the "State Railroad Planning and Assistance - Federal Fund". Expenditures in the amounts of $12 million in fiscal year 1984, $3.43 million in fiscal year 1985, and $1.45 million in fiscal year 1986 were made from the "State Railroad Planning and Assistance - Federal Fund" to the Mid-States Port Authority for the payment of federal loan monies received from the Federal Railroad Administration. This results in a total of $16.88 million principal amount of issuance at June 30, 1986. Due to this Conditional Guarantee Agreement, if the Mid-States Port Authority would default, the state would have a contingent liability as of June 30, 1986 of $8.44 million less 50% of the net assets the Federal Administrator could collect from other parties that would be applied to the payment of the principal balance of the notes. The Trust Account of Mid-States Port Authority reflected that the minimum Revenue Fund balance of $1,517,000 was met on May 31, 1986. The first principal payment for repayment of the loan is not due for five years from the date of the original issuance and for five years only principal payments in the amount of 1/10 of the issuance amount are due. Interest begins to accrue ten years after the date of the original issuance at a rate of 15.09841%.

20. CONTINGENT LIABILITY FOR FEDERAL GRANT REIMBURSEMENTS

Federal grant programs are subject to compliance review and audit by the grantor or a cognizant agent. If expenditures are disallowed, reimbursement to the federal agency may be required. Confirmation with state agencies administering federal grant funds as of June 30, 1986, disclosed that the amount of disallowances, if any, will be immaterial.

21. ACCRUED LIABILITY FOR RETIREMENT CONTRIBUTIONS FOR CERTAIN SCHOOL EMPLOYEES

The employers' contributions for retirement purposes of the employees of the several public school districts, educational cooperatives, area vocational-technical schools and community junior colleges in Kansas is a statutory obligation assumed by the state. Transfers from the State General Fund to the Kansas Public Employees Retirement Fund occur in the quarter following the quarter of accrual. At June 30, 1986, an accrued estimated liability of $10,559,191 for the quarter of April 1 through June 30, 1986 is recognized and reflected in the State General Fund Balance Sheet.

22. LONG-TERM BONDED INDEBTEDNESS

The state of Kansas has no general obligation bonds outstanding. Statutory authority has been granted for the issuance of revenue bonds payable from user fees to the Board of Regents for academic and hospital facilities, student unions, dormitories and athletic facilities; to the Department of Transportation for state freeway construction; to the Department of Health and Environment for sewage treatment facilities; to the Department of Administration for the purchase of office facilities;

to Fish and Game Commission for a fish hatchery; and to the Kansas Water Office for reservoir projects or the purchase of storage in existing reservoirs. The revenue bonds outstanding are reported as "Bonds Payable" by Fund Class in the Balance Sheets with the details of each bond issue reported in the General Long-Term Obligations Account Group. Issuance of additional revenue bonds is subject to specific legislative approval. For additional information on long-term debt, see notes 23, 24, 25, 26, 27 and 28 of this section and see Section XII, "General Long Term Obligations Account Group".

23. SEWAGE TREATMENT CONSTRUCTION GRANT REVENUE BONDS

The 1973 Kansas Legislature authorized the Kansas Secretary of Health and Environment to issue revenue bonds, not to exceed $20 million, for the purpose of providing grants to political subdivisions for the construction of sewage disposal facilities. Revenue bonds were issued during the 1974 and 1977 fiscal years totaling $3,515,000 with maturities extending to the mid-1990's. The bond principal and interest are payable solely from sewer service charges imposed by the Secretary of Health and Environment and collected in accordance with grant agreements entered into with the political subdivisions. These revenues had been pledged and assigned to a trustee bank under terms of the bond issue. In conjunction with these bond issues, the state was required to transfer to a bond reserve fund an amount equal to the maximum annual debt service requirements. To satisfy this requirement, the 1973 Legislature appropriated $1,500,000 from the State Self-Insurance Reserve Fund and created a first claim and lien of this amount for debt service reserve obligations related to the Sewage Treatment Construction Grant Revenue Bonds. Through June 30, 1986, two transfers totaling $302,675 were made during the 1974 and 1977 fiscal years from the State Self-Insurance Reserve Fund to the respective Debt Service Reserve Funds. Details on these bond issues are included in Section XII under General Long-Term Obligations Account Group.

24. WATER SUPPLY STORAGE IN FEDERAL RESERVOIRS

The Kansas Water Office has executed nine agreements to reimburse the Federal Government for the added cost incurred in providing water storage capacity in federal flood control reservoirs as permitted by the Federal Water Supply Act of 1958. In addition, assurances have been made to the federal government that the state would participate in additional federal flood control reservoirs to provide water storage capacity to meet anticipated future needs of the people of the state of sufficient supplies of water. Under the federal act, the cost of construction allocated to water storage capacity in federal flood control reservoirs are to be repaid by the state within a 50 year period or the life of the reservoir (whichever is shorter), beginning with the date the state first uses or exercises control of the storage space. All future use storage space repayments are subject to a 10-year interest-free period. Immediate use portion of any reservoir (the storage space in excess of the 30% allowed under the 1958 Federal Water Supply Act) must be paid for over 50 years beginning with completion of the reservoir. Under five of the nine contracts, the state has the option to use or exercise control of the future use portion of storage incrementally and to defer payment of principal and interest until the future use storage space is called into use.

Provision for raising funds for the payment of additional construction cost to federal flood control facilities for water storage capacity, interest on debt, and operating and maintenance costs charged to the state has been made by providing for the sale of water to municipal and industrial users. Agreements with 21 municipal and industrial water users raised $1,180,643.64 in FY 1986 to defray a portion of the $1,836,294.74 in payments required under these agreements. The total principal amount recorded at June 30, 1986 and due the federal government is $18.2 million. Principal payments are due the federal government on the $18.2 million total principal amount. Principal payments have been deferred on an additional total principal balance of $46.5 million as of June 30, 1986 on future use storage space that has not been called into use. Additional information and details concerning the debt principal are contained in Exhibit G, Section XII, General Long-Term Obligations Account Group.

25. OUTSTANDING LOANS

A. DEPARTMENT OF ADMINISTRATION FOR PURCHASE OF SANTA FE OFFICE FACILITY

A loan of $11,245,000 to the Department of Administration by the State Pooled Money Investment Board was made from the common cash pool of the State Treasury on March 11, 1983 for the purchase of the Santa Fe Office Facility at 900 Jackson Street, Topeka, Kansas. Loan terms provide for the payment of interest at a rate of 7.9% on the outstanding principal. The first interest payment in the amount of $3,088,554.78 covering the period from March 11, 1983 through August 31, 1986 is due on September 1, 1986. The first principal payment is due on September 1, 1987 in the amount of $562,250 plus accrued interest. A principal payment of $562,250 plus accrued interest is payable on July 1, 1988 and on each July 1 thereafter through July 1, 2006. The loan principal and accrued interest is payable from rental charges imposed upon state agencies occupying space in the facility. The purchase amount of $11,245,000 was placed with an escrow bank for investment in obligations unconditionally guaranteed as to principal and interest by the government of the United States and in an insured money market deposit account of not to exceed $100,000 at the escrow agent's bank. On March 1, 1986, the control of the property was relinquished to the state and payment made to the seller from the escrow account. On September 1, 1986, the estimated balance of $3.9 million remaining in the escrow account is to be deposited into the State Buildings Operating Fund with the State Treasurer. Investments held by the escrow agent at June 30, 1986 were as follows:

Description	Shares/Par Value	Cost	Market	Current Yield
U.S. Treasury Bills due 8-28-86	$ 3,895,000	$ 3,760,382	$ 3,760,382	3.58%
Shearson Federal-Fund	2,593	2,593	2,593	6.67%
Totals	$ 3,897,593	$ 3,762,975	$ 3,762,975	

The oustanding loan balance at June 30, 1986, is reflected in Exhibit E of the General Long-Term Obligations Account Group (Section XII).

B. DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR ADULT CARE HOMES LAWSUIT SETTLEMENT

A loan in the amount of $12,000,000 was made to the Department of Social and Rehabilitation Services by the State Pooled Money Investment Board from the common cash pool of the State Treasury for settlement of the case filed by nursing homes (Country Club Home, Inc. et al v. Robert C. Harder, as Secretary of Social and Rehabilitation Services, Case No. 81-EV-1041, District Court of Sedgwick County, Kansas). The loan amount was transferred to the Adult Care Homes Lawsuit Settlement Fund on June 30, 1985. Terms of the loan agreement provide for interest to be paid at a rate of 8.18% from the date the proceeds are withdrawn from the State Treasury which occurred on July 11, 1985. The loan principal and interest is to be paid on or before July 1, 1988. The state received $4,157,348 of the loan amount from the federal government during fiscal year 1986 as reimbursement of the amount paid in settlement of the lawsuit and this was applied to the loan principal. The balance of the principal and interest on the loan is expected to be paid in fiscal years 1987 and 1988 from the State General Fund. The outstanding loan balance at June 30, 1986 is reflected in Exhibit E of the General Long-Term Obligations Account Group (Section XII).

C. DEPARTMENT OF ADMINISTRATION FOR CONSTRUCTION OF A STATE PRINTING PLANT

Loans in the amount of $3,856,900 were made to the Department of Administration by the State Pooled Money Investment Board from the common cash pool of the State Treasurer for the construction of a new printing plant to replace an existing facility. The loan amount was reduced to $3,571,900 by the return of $285,000 of unused funds to the State Pooled Money Investment Board. The loan agreement provides for interest to commence on the unpaid loan balance existing on January 1, 1986 at the rate of 8.8% fixed for the 1986 calendar year. Thereafter the interest is fixed at the rate paid on inactive bank accounts. Commencing in the 1986 calendar year, the loan principal and accured interest is to be paid annually for a period of not more than 25 years. The loan principal and interest is payable from revenues derived from charges for printing services provided to state agencies. The outstanding loan balance at June 30, 1986 is reflected in Exhibit E of the General Long-Term Obligations Account Group (Section XII).

D. DEPARTMENT OF CORRECTIONS FOR PURCHASE OF PROPERTY IN JEFFERSON COUNTY

In May, 1986 the State Pooled Money Investment Board loaned from the common cash pool of the State Treasury $175,000 to the Department of Corrections. This loan was authorized to purchase certain property located in Jefferson County. The loan is to bear interest at an initial rate equal to the rate to be paid on inactive bank accounts of the state in effect on the date of the loan which was 6.9%. Thereafter, the rate of interest is to be adjusted annually on the anniversary date of the loan at a rate equal to the rate to be paid on inactive bank accounts of the state. The loan principal and interest is to be repaid at least annually for a period of not more than 10 years. The amounts shall be recomputed each year to reflect the revised rate and shall be based on a total original amortization period of 10 years. The first payment will be due on May 29, 1987 at a level principal payment of $17,500 plus interest of $12,075 providing no prepayments of the loan have been made. The loan principal and interest is to be payable solely from revenues credited to the Correctional Industries Fund or as otherwise provided by law. The oustanding loan balance at June 30, 1986 is reflected in Exhibit E of the General Long-Term Obligations Account Group (Section XII).

E. LOAN AUTHORIZATION TO STATE BOARD OF REGENTS FOR ANIMAL RESEARCH FACILITY AT THE UNIVERSITY OF KANSAS MEDICAL CENTER

A loan has been authorized to construct and equip a facility for the care of and clinical research on animals at the University of Kansas Medical Center. The State Pooled Money Investment Board is authorized to loan an amount of not to exceed $4,300,000 from the common cash pool of the State Treasury for the animal research facility. Commencing on the loan date, the loan is to bear interest at the rate equal to the rate to be paid on inactive bank accounts of the state as of January 1, 1986. Thereafter each year the rate of interest is to be fixed on January 1 at a rate equal to the rate to be paid on inactive bank accounts of the state effective on such date. The principal and interest payments are to be repaid monthly over a period of 20 years starting on the first day of the twelfth month after the loan date. The repayment amounts are to be recalculated each year to reflect the revised interest rate and are to be calculated on a substantially level payment basis based on a total original amortization period of 20 years. The loan principal and interest shall be paid solely from monies credited to and available in the Animal Research Facility Debt Service Fund or as otherwise provided by law. At June 30, 1986 no monies have been loaned by the State Pooled Money Investment Board for the animal research facility project.

F. LOAN AUTHORIZATION TO DEPARTMENT OF ADMINISTRATION FOR RENOVATION OF THE SANTA FE OFFICE FACILITY

To provide for the payment of the costs of making renovations to the Santa Fe Office Facility, the State Pooled Money Investment Board is authorized to loan from the common cash pool of the State Treasury sufficient funds not exceeding $4,530,000 to the Department of Administration. Commencing on January 1, 1988, the loan shall bear interest and the rate of interest shall be fixed each January 1 at a rate equal to the rate to be paid on inactive bank accounts of the state on such date. The principal and interest payments are to be repaid annually in the month of March starting in 1988 over a period of 15 years. The repayment amounts are to be recomputed each year to reflect the revised interest rate and are to be calculated on a substantially level payment basis based on a total original amortization of 15 years. At June 30, 1986 no monies have been loaned for the renovations of the Santa Fe Office Facility.

26. BOND DEFEASANCE

During fiscal year 1983 the Board of Regents entered into trust agreements with the State Treasurer to defease the University of Kansas' Humanities Building Revenue Bonds, Student Union Additional Revenue Bonds, Student Health Facility Revenue Bonds, Student Union Annex Revenue Bonds and Satellite Student Union Building Revenue Bonds. These bonds were defeased by transferring amounts to the State Treasurer sufficient to purchase direct U.S. Government Obligations to be held in trust by the Trustee (State Treasurer) in order to make payments of the bond principal and interest when due. Monies were transferred and the State Treasurer acting as Trustee and acting through the State Pooled Money Investment Board acquired direct U.S. Government Obligations with such transferred amounts. Non-Expendable Trust Funds in the Trust and Agency class of funds were established for the State Treasurer to account for the money transferred for the bond defeasance, to record the investment in the direct U.S. Government Obligations and to record the payment by the State Treasurer to the Fiscal Agency Fund of the principal and interest payments to the holders of the bonds.

During fiscal year 1984 the Kansas Fish and Game Commission defeased the Fish Hatchery Gross Revenue Bonds, Series 1982 by issuing Refunding Bonds, and transferring amounts to the Trustee, Central National Bank, Junction City, Kansas (see Note 27).

During fiscal year 1985 Wichita State University defeased the Academic and Service Building Revenue Bonds, Series 1971 by issuing the Academic and Service Building Refunding Revenue Bonds, Series 1984 and transferring amounts to the Escrow Trustee, The Southwest National Bank of Wichita. Per the Escrow Trust Agreement the escrowed securities and monies with the escrow trustee in the Escrow Trust Account should be sufficient to make all principal and interest payments on the bond payment dates for the 1971 Academic and Service Building Revenue Bonds. This agreement also provides that the Escrow Trustee, rather than making these principal and interest payments, transfers the monies for the principal and interest payments to Wichita State University's 1971 Academic and Service Building Bond and Interest Sinking Fund. This defeased debt has the interest and principal payments processed in the 1971 Academic and Service Building Bond and Interest Sinking Fund.

During fiscal year 1985 Wichita State University also defeased the Library Revenue Bonds of 1960, Series B by issuing the Library Refunding Revenue Bonds, Series A, 1985 and transferring amounts to the Escrow Trustee, The Southwest National Bank of Wichita. Per the Bond Resolution and Escrow Trust Agreement the proceeds of the Series A, 1985 Bonds together with the other available funds were deposited into the Escrow Trust Account sufficient to purchase certain Government Securities to provide for the payment of the Series B, 1960 Bonds. The Escrow Trust Agreement also provides that the Escrow Trustee transfers the monies for the principal and interest payments to the 1960 Library Bond and Interest Sinking Fund. The bond payments for this defeased debt is then processed in this fund in the Central Accounting System for Kansas.

During fiscal year 1985, the Department of Transportation defeased the outstanding Highway Bonds with principal amount outstanding of $218,860,000.00 by issuing Highway Refunding Bonds, Series 1985, in the principal amount of $154,805,000.00 and transferring $15,238,573.61 from the State Freeway Fund and Sinking Fund to the Escrow Fund of the Escrow Trustee, Bank IV Topeka, N.A. (formerly the First National Bank of Topeka, Kansas). The monies in the Escrow Fund are to be invested per the trust agreement in certain United States Treasury Obligations, State and Local Government Series and U.S. Obligations in order to transfer sufficient amounts on the necessary dates from the Escrow Fund to the paying agents for the payment of the principal and interest on the outstanding Highway Bonds that were defeased. The Escrow Fund is outside the State Treasury and is not recorded in the Central Accounting System for Kansas.

During fiscal year 1986, the Department of Transportation defeased the outstanding Highway Refunding Bonds, Series 1985 with principal amount outstanding of $154,805,000 by issuing Highway Refunding Bonds, Series 1985A, in the principal amount of $151,545,000 and transferring monies from funds of the Secretary of Transportation to the Escrow Trustee, the Security Bank of Kansas City, in the City of Kansas City, Kansas. The monies in the Escrow Fund of the Escrow Trustee are to be invested per the trust agreement in certain State and Local Government Series Obligations and United States Obligations in order to pay insufficient amounts on the necessary dates the principal and interest payments on the defeased Highway Refunding Bonds Series 1985. The Escrow Fund is outside the State Treasury and is not recorded in the Central Accounting System for Kansas.

During fiscal year 1986, Kansas State University defeased Housing System Revenue Bonds, Series 1962, Series 1964-D, Series 1964-E, Series 1964-G, Series 1965, and Series 1966 with total principal amount outstanding of $7,627,000 by issuing Housing System Revenue Refunding Bonds in the principal amount of $5,095,000 and transferring amounts to the Escrow Trustee, Bank IV Topeka, N.A. (formerly First National Bank of Topeka). Per the Bond Resolution and the Escrow Trust Agreement proceeds from the refunding bond issue together with other available monies are sufficient to purchase certain government securities to provide for the payment of the outstanding Housing Revenue Bonds defeased. The Escrow Trust Agreement sets forth the specific investments of the Escrow Trust Account in United States Treasury Obligations - State and Local Government Series and United States Treasury Obligations - Open Market Obligations. The bond payments for the defeased debt are being recorded in the Central Accounting System for Kansas.

During fiscal year 1986, Kansas State University also defeased the Student Union Annex Revenue Bonds, Series 1961, the Stadium Revenue Bonds, Series 1967, the Student Union Annex II Revenue Bonds, Series 1968, and the Student Recreational Building Revenue Bonds, Series 1977 with total principal amounts outstanding of $4,210,000 by issuing Student Fee Revenue Refunding Bonds, Series 1985 in the principal amount of $3,840,000 to be deposited with the Escrow Trustee, Bank IV Manhattan (formerly the First National Bank of Manhattan), Manhattan, Kansas. Per the Bond Resolution and Escrow Trust Agreement from proceeds of the refunding bond issues a sum sufficient to purchase certain Government Securities to provide for the payments of the outstanding defeased bonds are to be deposited in the Escrow Trust Account. The bond payments on the defeased debt are being recorded in the Central Accounting System for Kansas.

During fiscal year 1986, the University of Kansas Medical Center defeased the Parking Facility Revenue Bonds, Series 1978 with $2,240,000 principal outstanding and the Hospital Revenue Bonds, Series 1976 (Clinical Facility) with principal amount outstanding of $16,760,000 by issuing Parking Facility Refunding Revenue Bonds, Series 1985 in the principal amount of $1,925,000 and by issuing the University of Kansas Medical Center Hospital Refunding Revenue Bonds in the principal amount of $15,635,000. The bond resolutions from both of the refunding issues provided that Escrow Trust Accounts be established with the Escrow Trustee, the Security Bank of Kansas City, Kansas City, Kansas. Per the bond resolutions and the trust agreements for each refunding issue, the bond proceeds together with other available monies are to be deposited in the Escrow Trust Account and the sum of which is sufficient to purchase certain Government Securities to provide for the payments on the defeased bonds. The bond payments on the defeased debt are being recorded in the Central Accounting System for Kansas.

27. FISH HATCHERY REVENUE BONDS

The Kansas Fish and Game Commission was authorized by the 1982 Session of the Legislature to issue revenue bonds to finance construction of a fish hatchery in Geary County, Kansas. The Commission issued $6,000,000 of Fish Hatchery Gross Revenue Bonds, Series 1982. The outstanding balance of the 1982 Series bonds in the amount of $5,820,000 was subsequently defeased by the issuance of $4,650,000 Gross Revenue Refunding Bonds, Series 1984. Monies together with interest to be earned on obligations of the government of the United States were transferred in a sufficient amount to a trustee bank to satisfy the debt service requirements of the 1982 Series bonds.

Revenues for the payment of the outstanding bond principal and accrued interest costs are provided by the sale of fish hatchery stamps which are affixed to all fishing licenses issued by the Kansas Fish and Game Commission.

Additional information concerning the outstanding principal debt, interest rates and dates of maturity is reflected in the General Long-Term Obligations Account Group (Section XII).

28. CERTIFICATE OF PARTICIPATION FINANCING

During fiscal year 1985 the state of Kansas entered into two lease with option to purchase agreements with funding provided by a third party issuance of certificates of participation. The first agreement made in October, 1984 was between the Department of Administration, Division of Information Systems and Communications and Public Leasing Corporation to refinance computer systems equipment and information processing equipment and included 48 monthly rental payments commencing on November 1, 1984 in the amount of $40,925 plus $175 for the insurance premium. The payments made on these contracts were capitalized at the time of payment.

The second agreement made in June, 1985 between the University of Kansas Medical Center and Public Leasing Corporation included 60 monthly rental payments of $39,080 commencing on July 15, 1985 for a nuclear magnetic resonance imaging system. The principal balance at June 30, 1986 was $1,654,429.

The state is responsible only for payments under the lease purchase agreements which are subject to appropriations by the Legislature. Both contract agreements give legal title of the equipment to the state during the term of the lease and so long as the state is not in default under the agreement and require the state to maintain adequate insurance coverage for the designated equipment. The agreements also had an option to purchase clause on any payment date for a stated purchase option price with the property belonging to the state after the last payment date.

During fiscal year 1986 the state of Kansas issued the 1985 Certificates of Participation in the principal amount of $29,470,000. Monies from this issue were used to exercise on November 1, 1985 the purchase option price with Public Leasing Corporation for the computer systems equipment and information processing equipment. Monies were also used to refinance other equipment and to purchase new equipment for state agencies. The agencies make payments for the equipment to the Department of Administration Certificates of Participation funds which are used in connection with the State of Kansas Certificates of Participation financing. The agencies payments are capitalized at the time of payment. The purchases of the equipment from the Certificates of Participation funds are not capitalized in the Central Accounting System for Kansas. Additional information and details concerning the debt principal for the Certificates of Participation financing are contained in Section XII, General Long-Term Obligations Account Group. The obligations of the state for the 1985 Certificates of Participation issuance are reflected in the financial statements but the agencies obligations to the Certificate of Participation funds are not reflected. Following are Department of Administration Certificates of Participation financial statements in connection with the 1985 Certificates of Participation.

1985 Certificates of Participation
Balance Sheet
As of June 30, 1986

Assets:			
Certificate Funds:			
Acquisition Fund - CASH	$ 112,376.19		
Acquisition Fund Invested	13,554,062.50		
Total Acquisition Fund		$13,666,438.69	
Clearing Fund - CASH		1,226,131.79	
Lease Payment Fund	53,970.15		
Lease Payment Fund - Agency Early Buy-Outs	427,431.58		
Lease Payment Fund - Early Buy-Out Penalties	4,274.32		
Total Lease Payment Fund - CASH		485,676.05	
Reserve Fund - CASH	0.00		
Reserve Fund Invested	4,420,000.00		
Total Reserve Fund		4,420,000.00	
Total Certificate Funds			$19,798,246.53
Receivable from Agencies:			
Existing Equipment	6,893,970.04		
Less: Advance Payments	<500,104.86>		
Net Receivables: Existing		6,393,865.18	
New Equipment	1,330,896.47		
Less: Advance Payments	0.00		
Net Receivables: New		1,330,896.47	
Telecommunications Equipment		2,042,258.15	
Total Receivables			9,767,019.80
Agency Equipment Purchases:		8,073,839.40	
Refinanced Equipment		1,277,282.23	
New Equipment		1,366,773.17	
Telecommunications Equipment			10,717,894.80
Total Assets			40,283,161.13
Liabilities:			
Certificates Payable		28,062,568.42	
Certificates Payable - Agency Early Buy-outs		427,431.58	
Less: Unamortized Discount		<349,028.93>	
Certificates Payable Less Unamortized Discounts			28,140,971.07
Agency Early Buy-out Penalties Payable			4,274.32
Deferred Revenue - Refinanced Equipment		6,393,865.18	
Deferred Revenue - New Equipment		1,330,896.47	
Deferred Revenue - Telecommunications Equipment		2,042,258.15	
Total Deferred Revenue			9,767,019.80
Total Liabilities			37,912,265.19
Equity:			
Revenues over Expenses			2,370,895.94
Total Liabilities and Equity			$40,283,161.13

1985 Certificates of Participation
Statement of Revenues and Expenses
For the Period
October 30, 1985 - June 30, 1986

Revenues:			
Agency Receivables Collected:			
Refinanced Equipment	$ 2,483,232.54		
New Equipment	149,483.87		
Telecommunications Equipment	5,430.35		
Total Receivables Collected		$ 2,638,146.76	
Interest Earnings:			
Acquisition Fund	589,476.43		
Clearing Fund	47,470.89		
Lease Payment Fund	12,480.83		
Reserve Fund	144,699.50		
Total Interest Earnings		794,127.65	
Total Revenues			3,432,274.41
Expenses:			
Issuing Expenses		124,631.66	
Administrative Expenses		33,526.25	
Interest Expense	891,214.64		
Amortized Discount	12,005.92		
Total Interest Expense		903,220.56	
Total Expenses			$ 1,061,378.47
Revenues over Expenses			$ 2,370,895.94

1985 Certificates of Participation
Statement of Sources and Uses of Funds
For the Period
October 30, 1985 - June 30, 1986

Sources:			
Certificate Proceeds:			
Agency Receivables Collected			$29,280,126.76
Refinanced Equipment	$ 2,483,232.54		
New Equipment	149,483.87		
Telecommunications Equipment	5,430.35		
Total Receivables Collected		$ 2,638,146.76	
Agency Early Buy-Out Collected for Oct., 1986		4,274.32	
Interest Earnings			
Acquisition Fund	589,476.43		
Clearing Fund	47,470.89		
Lease Payment Fund	12,480.83		
Reserve Fund	144,699.50		
Total Interest Earnings		794,127.65	
Total Collected and Earned			3,436,548.73
Total Sources			32,716,675.49
Uses:			
Purchases of Equipment-Refinanced	8,073,839.40		
Purchases of Equipment-New	1,277,282.23		
Purchases of Equipment-Telecommunications	1,366,773.17		
Total Purchase of Equipment		10,717,894.80	
Issuing Expenses		124,631.66	
Administrative Expenses		33,526.25	
Semi-Annual Lease Payments		2,042,376.25	
Total Uses			$12,918,428.96
Total Source over Uses (Current Cash Position)			$19,798,246.53

SECTION XIV

DIRECTORY OF STATEMENTS INCLUDED IN VOLUME II

STATEMENTS INCLUDED IN VOLUME II

Analysis of Appropriation Accounts--Schedule "A"

Statement of Change in Fund Balance--Schedule "B"

Statement of Revenue--Schedule "C"

Analysis of State Tax Accounts--Statement"C"

Analysis of State Tax Accounts by County--Schedule "C-I" and "C-II"

Valuation and Tax Levied--Schedule "C-III"

Estimated Motor Vehicle Taxes--Schedule "C-IV"

Receipts from Counties--Statement "D"

Comparison of Expenditures (Including Encumbrances) Applicable to Fiscal Year 1986 with Legislative Appropriation Limitation--Schedule "D"

Retail Sales Tax Receipts by Counties--Statement "E"

Cross Reference Index--Section XV